Daily Report

Latin America

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FBIS-LAT-90-154 *9 August 1990*

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Cuba

Castro's Letter to Leaders of the Arab World

FL0908005390 Havana Radio Rebelde Network in Spanish 2302 GMT 8 Aug 90

[Message sent by Fidel Castro to leaders of Arab countries; dated 7 August]

[Text] Your Excellency:

I address you deeply concerned about the events that threaten the Arab world and mankind.

I firmly believe that even during these critical moments, leaders of Arab nations are still capable of preventing the conflict that has arisen between Iraq and Kuwait from deteriorating into an economic catastrophe and a holocaust that will affect a large number of your people. Such is the threat that we perceive from the increasing and speedy preparations for a direct military intervention by the United States and its allies. The evidence of preparations to create a multinational force—with equally interventionist purposes—demonstrates that a new correlation of forces on a world-wide scale is no less worrisome because it would be detrimental to the Arab people's interests.

Cuba, in its current condition as nonpermanent member of the UN Security Council, did not hesitate in adding its vote in favor of the council's Resolution 660 on 6 August. We took that necessary and just step—although not without pain and bitterness—based on a set of principles that makes the use of force and military superiority in settling conflicts between countries, particularly when it involves a fratricidal confrontation between third-world people, unacceptable. We are linked to Iraq and Kuwait by bonds of respect and friendship that are nurtured by Cuba's solidarity with the Arab nation and the Palestinian people, given the Israeli aggression and colonial expansion. Furthermore, our historical ties of cooperation in various sectors with many Arab countries are well known.

These same principles—which you will undoubtedly understand are very dear to Cuba because it is permanently threatened by aggression—and the conviction that in this situation we should not stoke the fire of war, were behind our abstention on a new draft resolution presented at the Security Council a few hours ago. The draft resolution is sponsored and feverishly sought by the United States to impose a complete economic boycott on Iraq, among other measures. In our opinion this is a hasty step and it precludes the possibilities of achieving a peaceful solution. The new resolution on which the United States and its closest allies are congratulating themselves also creates the ideal conditions for a military buildup and the probable use of the most powerful war machine on the planet with the unquestionable intention of strengthening its hegemony in the region.

To penalize Iraq for its regrettable and unacceptable action in Kuwait is only a pretext for the United States to invoke Article 42 of the UN Charter, which justifies a U.S. armed intervention on behalf of the international community. We lie defenseless against such an action. The fact that this Security Council—virtually unanimous with the exception of Yemen and Cuba—is the same one which, as a result of a U.S. veto, not only failed to condemn Israel, but did not even call for sanctions against it for its occupation of Palestine and other Arab states more than 40 years ago offended the leaders of the Arab nation more than anybody else. Thanks to the obsolete, unfair, and antidemocratic privilege of vetos and their immoral use by the United States, the Security Council also did not condemn the genocide perpetrated by Israel against the heroic intifadah or the actions of the Zionist army, which have even resulted in the deaths of UN forces in Lebanon.

It would be illusory and extremely dangerous to grant the least credibility to the motives that the United States is using to claim a leading role in the crisis. With their accustomed experience in manipulating the varied and sensitive pressure springs, their ability to rapidly deploy military forces, and their proven inclination for taking political advantage of the situation, the U.S. mass media, diplomats, and the Pentagon have agreed with their Western counterparts to capitalize on the logical indignation that Iraq's action against Kuwait has elicited in the international community. The sectors mentioned cast doubts on, debase, and hamper any alternatives for a politically negotiated solution that will be free from these sectors' geopolitical interests and instead hasten to profit from the situation to the fullest.

What will the United States do in a vital region like this if it is not stopped in time, given that it has already mocked the international community by transforming the tiny state of Grenada, which the United States had been practically occupying as it had been occupying Panama, into a firing range for its most sophisticated armament?

How can we doubt the danger from the United States launching itself into an adventure of this size when we know that it planned and carried out an air attack against the family home of the Libyan president, assuming the role of international executioner without the support that it enjoys now? Can other conclusions be drawn from the landing of Yankee marines in Liberia only a few hours ago?

At this time, I am addressing myself to you and other Arab heads of state on behalf of the responsibility we share as members of the Nonaligned Movement and the Third World. We Cubans have experienced mortal dangers, including the threat of nuclear extermination in October 1962. We are truly capable of seeing, anticipating, and calmly assessing the most dramatic circumstances. Therefore, we are not panicking or being alarmists.

It so happens that in this case all of the Third World peoples, without exception, are threatened in the most sensitive aspects of our their economies, security, and independence.

The regressive and plundering forces will not stop at the consequences of a military intervention in which Arabs and Moslems would be divided and killed—as the United States wants. This could result in such deep wounds that it would take dozens of years to heal. The war would cause incalculable damage in the infrastructure and the economies of the Arab countries. That would become the scenario of this war that would not take place in Europe or the United States, but in the Arab Persian Gulf. This, in turn, would lead to an economic catastrophe throughout the Third World, whose interests must be considered at this moment. It is difficult to imagine how much poverty and oppression this situation could bring about to the already battered and underdeveloped economies. We face the possibility that a majority of economies would not be able to purchase petroleum or have fuel reserves.

It is impossible, Your Excellency, to ignore the tragic irony that the United States and the allies who are acccompanying it in this not so glorious crusade could reach their objective—including consolidating the Zionist domination—with a minimum of human losses for the West. The plans of the West, contemplated for a long time, call for a technical war based on supremacy in arms and technology. The casualties would be above all among the armies and the Arab population involved in the operation.

To conclude, Your Excellency, allow me to tell you that I am encouraged by the wisdom and courage of the leaders of the Arab nation and the vitality of its institutions. Nothing and no one could replace that force, that authority, and that morality in the immediate search for a negotiated solution to a conflict between two Arab peoples that would of course entail the withdrawal of the Iraqi troops and the total reestablishment of the sovereignty of Kuwait, without wars, catastrophes, holocausts or the tremendous destruction of material. Also, I believe that the Movement of the Nonaligned Countries and the UN system—with all of its imperfections and limitations—could support and make prevail the united will of the Arab nation against intervention and aggression.

The seriousness and the threats of the situation that have been created demand from the most prestigious and outstanding leaders of the Arab world very fast and effective actions. The experience of history shows that hegemonic powers such as the United States are used to imposing faits accompli and unleashing processes that are very difficult to revert.

With all due respect and consideration, I urge you to seek as soon as possible a unity of criteria and action that I believe should not be postponed and set aside the differences that should now play a secondary role in view of the prevailing risks.

Do not doubt for a single moment that in this just and noble endeavor you can count on the support of the vast majority of the countries from the international community and logically on the modest cooperation of Cuba.

Fraternally yours,

Fidel Castro Ruz.

U.S. Intervention Warned Against

FL0808210090 Havana Radio Rebelde Network in Spanish 2010 GMT 8 Aug 90

[Report by Dulce Maria Corbelle]

[Text] Fidel Castro, president of the Cuban Councils of State and Ministers, today vehemently called for finding an urgent solution tc the conflict in the Persian Gulf and to avoid U.S. military intervention in the region.

In a letter sent to the region's chiefs of state and government, the Cuban leader said he firmly believes that they still hold in their hands the possibility of preventing the crisis from becoming an adverse situation for the independence of many Arab states, an economic catastrophe, and a holocaust that would affect a large number of their peoples. In his message, Commander in Chief Fidel Castro stressed the threat he sees being created by the growing and accelerated preparations the U.S. military and its allies are taking for direct intervention in the region. He warns that this threat extends, without any possible exception, to all countries of the Third World in the most sensitive areas of the economy, security, and the independence of each nation.

Copies of the letter Fidel Castro sent to Arab leaders were presented to UN Secretary General Javier Perez de Cuellar and distributed as an official document to members of the UN Security Council.

In his message, the Cuban president stresses that the regressive [as heard] and despoiling forces will not be detained by the consequences of a military intervention, such as the one the United States is attempting, in which Arabs and Moslems would be divided and would shed their own blood. The first secretary of the Communist Party of Cuba stressed that the intervention would create such profound wounds in those peoples that it would take dozens of years to recover. In addition, their war would cause immeasurable damage to the infrastructure and economies of all Arab countries that become war zones.

Fidel Castro's letter to the Arab leaders explains Cuba's position in the UN Security Council and stresses that our country did not hesitate in adding its vote to the resolution that condemned the Iraqi invasion of Kuwait. Nevertheless, it also expresses Cuba's disagreement with the application of mandatory economic sanctions against Iraq, an action that it says is rash and makes it difficult to reach a peaceful solution to the problem.

Havana Cites U.S. 'Pretext'

PA0808170890 Havana International Service in Spanish 1400 GMT 8 Aug 90

[Text] U.S. President George Bush today addressed the nation to officially report the White House decision to send troops and war materiel to the Persian Gulf under the pretext of preventing an Iraqi attack on Saudi Arabia.

Bush asked the people of the United States to support the government's decision to send a small fleet, which will consist of the 82nd Airborne Division and several carriers, among other potent war materiel, to the region.

The increase of the U.S. military presence in the Persian Gulf, particularly within Saudi Arabian territory, further aggravates the explosive situation of the region, which has worsened since the 2 August Iraqi invasion of Kuwait.

Raul Castro Concludes Tour of Camaguey Province

FL0908030090 Havana Television Service in Spanish 0000 GMT 9 Aug 90

[Italicized passages are recorded]

[Text] On the last day of his visit to Camaguey Province, Army General Raul Castro, second secretary of the Central Committee of the PCC [Communist Party of Cuba] and minister of the FAR [Revolutionary Armed Forces], visited the municipalities of Camaguey, Jimaguayu, and Najasa.

[Raul Castro] *During these 3,643 kilometers that I have traveled—not counting today's trip—I have held dozens of small meetings like this one; dozens of short, concrete, precise meetings with all PCC leaders in provincial governments; and dozens of meetings with municipal leaders to discuss issues affecting the food program and the defense. I have taken in enough oxygen for at least a year. We are ready to face even more difficult situations. We have the work force, the intelligence developed throughout the past 30 years, and the material resources for that. All this was accomplished only by saving what we were squandering, what we were throwing away.*

The work of a hard-working and patriotic people, which increased tremendously in the last few years, was observed up close by Army General Raul Castro Ruz, second secretary of the PCC Central Committee and FAR minister, during the three days he visited different Camaguey municipalities where the creative effort has yielded results in schools, industries, hospitals, and numerous public works. All this was done in answer to the message presented by our commander in chief in 1973 in Agramonte against underdevelopment and poverty.

The third day began in Jesus Suarez Gayol's cooperative, the largest milk producer in the country, founder of the Million-Liter Movement and example of economic efficiency and cooperative productivity. Its annual production surpasses the 2.85 million liters of milk at a cost of less than 11 centavos. This CPA [agricultural-livestock cooperative], as each one of the other 100 in the province, has a self-sufficiency unit and beautiful and inexpensive houses which will number over 100 in the coming years.

Raul was accompanied today by Vilma Espin [president of the Federation of Cuban Women], Friso [not further identified], and Lazaro Vazquez [first secretary of the PCC in Camaguey Province], as well as by three heroes of the Republic of Cuba, and Division Generals Ulises Rosales del Toro, Leopoldo Cintra Frias, and Ramon Espinosa Martin. The PCC second secretary also talked with people from the Nicaragua community in Jimaguayu, located near the social centers of Camaguey's milk basin, which is said to be—as stated by our commander in chief—the largest cattle ranch in the world.

[Raul Castro] *The day we can have another field like the one you have here, when we can have peasants like those at the Suarez Gayol cooperative—which I have just visited in Camaguey Municipality—plus an improved supply.... [changes thought] This is the communism we can expect to have for the time being. We will see the day when the entire country will be like this. But that is achieved with hard work, discipline, and savings.*

In one of the newer cattle installations in Najasa Municipality, the minister analyzed the successes and difficulties of the milk basin, which is growing by 60 cattle installations per year and is creating the conditions to produce 300 million liters of milk by 1993. The main problem is the shortage of water because the sources do not supply enough. Immediate solutions are being studied. In Camaguey, however, no program designated as a priority by the revolution comes to a standstill, because there is enough willpower and decisiveness to overcome the difficulties.

In speaking about the importance of the defense of our country, comrade Raul added:

[Raul Castro] *We are not doing this because of a war. Our system, our goal, is simply [words indistinct] the war. He could use all these resources to develop the economy. Just think of how much cement we have to bury. But we are forced to do it. Otherwise, are we going to surrender? Are we going to resign ourselves to live in a world ruled by a new Roman Empire, a new Roman republic that dictates its will to the entire planet? I do not want to live in such a world. I repeat what Pablo Milanes' song says: It is preferable to sink in the sea than renounce the glories we have lived. We will supervise the food program—under the direction of the party—in the same way we controlled the country's war preparations. We will do it just as systematically; we will be just as demanding; we will apply the same details. For the new degrees of combativeness—that of being ready for the defense in the second or third stages, although we have until 1995 for the second stage—we will also consider production, independent of subjective or objective factors. We will not only check what pertains to defense. We will be consistent with what we say because*

beans are just as important as cannons. That is why we are here, because of its importance.

We are optimists. I do not have to repeat it. We are doing things that if it were not for the pressure and the bad economic times, we would not do them. But this has to become part of the culture of the masses. We are getting there. I am very optimistic. This is not a concern of a little group of comrades. As Lazaro says: Our people are very intelligent, and they can smell the situation before we say anything. Everyone, from the simple worker in a factory to a minister, from a technician to the manager of a firm, is submerged in the problem. The masses have already taken over the idea. They are seeking solutions on how to produce the most we can, import the least we can, and obtain independence.

We have our exportable goods. No matter how much the imperialists boycott us, we still have our nickel. We have the second largest nickel reserve in the world, even though the level of investment needed for production is great and the need for gasoline will be gigantic. We have many things. Let us just mention the meningococcus vaccine. We are a world power in medicine. Each day we will become more so. It is not only the health of the people. To be a world power in medicine is just that. A group of scientists developed a meningococcus vaccine. We have already sold hundreds of millions of dollars worth of vaccines. There are also many other things—as Fidel said on 26 July—that we are not going to mention, for now. The vaccine will become cheaper. Others will also discover it. The Yankees are already offering it cheaper. We will compete. That is the meaning of being a world power in medicine. We are manufacturing equipment—and not only in Havana. There is a factory in Santiago de Cuba that I was not able to visit yet. There are many things like that.

Something I want to stress to conclude this improvised interview is that the spirit of combativeness we have seen in this army, in this territory that is almost half of the country, is something exceptionally firm and strong, something that is better felt in the interior.

Each time we make a tour, we work 12 and 14 hours, as you know, because even when we travel we are working on the bus. An assistant takes notes; we make decisions. It is a pity there is not enough room for you to accompany us in the bus. In the bus we talk about the good and the bad things, the things we have to overcome. Really, when you finish a tour like this one—even though you feel a bit tired—you return with a rejuvenated soul, with the brain full of oxygen, and ready to continue the struggle.

Escalona Meets With Former President Garcia

FL0808211090 Havana Radio Reloj Network in Spanish 1942 GMT 8 Aug 90

[Text] Juan Escalona Reguera, chief of the Cuban delegation to the Peruvian presidential inauguration, has met with Alan Garcia, former Peruvian president and leader of the APRA [American Popular Revolutionary Alliance] leader.

The meeting that lasted nearly three hours took place in a friendly atmosphere. It was held at the residence of Cuban Ambassador to Lima Francisco Ramos.

During the meeting, the president of the Cuban National Assembly of the People's Government expressed his satisfaction with the demonstrations of solidarity and support that the Cuban delegation received during its many activities in Lima.

Garcia commented about Cuban-Peruvian relations over the past five years, citing the progress made in strengthening commercial links and the bilateral cooperation in international organizations.

Fernandez Meets Foreign Officials in Colombia

FL0808115790 Havana Tele Rebelde Network in Spanish 1100 GMT 8 Aug 90

[Text] Jose Ramon Fernandez, vice president of the Council of Ministers of Cuba, has met in Bogota, Colombia with his Dominican counterpart Carlos Morales Troncoso and shortly after with OAS Secretary General Joao Baena Soares. During the friendly meeting with the Dominican vice president, various aspects of mutual interest were analyzed, such as the economic situation, need for integration, and other area problems. They talked in particular about the sugar industry, the weather conditions in the area, and the drought that hit the two countries last year.

Baena Soares showed interest in exchanging views with the head of the Cuban delegation. A special subject of discussion was the efforts being made by the various interested countries to allow Cuba to rejoin the regional organization. The top OAS official said he was pleased with the meeting and expressed his willingness to continue making fruitful and friendly contacts with the island.

Also in Bogota, Jose Ramon Fernandez held a friendly meeting with Argentine President Carlos Saul Menem, with whom he discussed the idea that Latin American integration is needed for the solution of many of our countries' current problems.

Montane Meets Chinese Communist Party Official

FL0808025590 Havana Radio Reloj Network in Spanish 0214 GMT 8 Aug 90

[Text] Zhu Liang, director of the International Liaison Department of the CPC Central Committee, has received Jesus Montane Oropesa, who is heading a Communist Party of Cuba [PCC] delegation in transit through Beijing.

During the meeting, the Chinese leader stressed that the growing exchange of delegations between the two countries is an expression of the current state of bilateral relations.

For his part, PCC Central Committee member Jesus Montane Oropesa expressed his appreciation for the attention he received and he assessed Cuba's internal situation.

During the meeting, the two leaders analyzed various aspects of current international affairs and they agreed that the state of the development of ties between the two political organizations is satisfactory.

Inter-Caribbean Affairs

CANA Defends Coverage of Trinidad Coup Attempt

FL0808214790 Bridgetown CANA in English 2023 GMT 8 Aug 90

["Text" of CANA statement; quotation marks as received]

[Text] [No dateline as received]—"On behalf of the CARIBBEAN NEWS AGENCY (CANA), I wish to respond to an open letter published in sections of the Caribbean press, from a Ms. Susan Romany, and titled 'journalistic rape'.

It is unfortunate that Ms. Romany should describe CANA's reporting of events during the Trinidad hostage crisis as 'constant and persistent interference in a most delicate and important issue' and 'a deliberate and irresponsible attempt to discredit the Trinidad media, NBS 610 [Radio Trinidad] in particular'. We reject these allegations, as indeed we do any suggestion that our reports were inaccurate. As is now well known the world over, for the first two or three days, CANA's were the only credible reports out of Port of Spain.

Ms. Romany lists a number of specific examples of 'incorrect or incomplete reports', which because of the way her letter is constructed, implies errors on CANA's part. We simply did not report any of the following:

—The number of dead police immediately after the takeover of Parliament (CANA on Sunday, 29th July, reported a possible total death toll which could be as high as 22);

—The apparent death of the prime minister (CANA made no mention of this whatsoever);

—Three dead in Parliament on the day of the coup (CANA made no such statement).

On the other hand, CANA:

—Did report the fact of the explosions and fire at Trinidad and Tobago Television. With hindsight, our reference to these in one of our interviews with the Muslimeen, was unfortunate, and we regret this unwitting 'lack of sensitivity'. But we do reject, in the context of Ms. Romany's letter, the suggestion that it was deliberately irresponsible.

Rather, we ask the public to consider that particular instance, in much the same way it would wish to consider the inadequacies under pressure of everyone closely involved in dealing with a situation, hitherto alien to us in this part of the world. CANA has long initiated its own internal post-mortems, and is spearheading public ones, including a regional radio discussion on the media's role, scheduled for Thursday, 16th August.

—Did report, as told to us by a senior police officer, that there was a Muslimeen request for air transport to Libya. This report was strongly denied in a subsequent CANA interview with one of the Muslimeen;

—Did carry a comment from Mrs. John Humphrey, wife of one of the parliamentarians held hostage. It was not the only one used. The fact that she chose to reply in the way she did, referring to her anxiety, heightened by her absence of information, should in no way suggest that (according to Ms. Romany's letter) CANA 'used this as a trump card to indicate Trinidadians were deprived of information' or that 'CANA tried to discredit the Trinidad Radio'. I am confident our media colleagues in Trinidad would not agree with Ms. Romany on that score.

No, Ms. Romany, barring our one or two admitted weaknesses (not inaccuracies), CANA stands proud of its coverage, and of its small cadre of 6 journalists, who worked round the clock for the five-day period, fielding reports to hundreds of subscribers and non-subscribers, throughout the Caribbean and in every corner of the globe. Dozens of these, as well as non-media people of all walks of life, have already commended us for our overall performance.

None, but Ms. Romany, writing as a Trinidadian resident in St. Lucia, and a few media consultants in the Trinidad Information Ministry, has as yet attempted to cast amazingly similar, dark suspicions about the character and integrity of CANA. Now is not the time for condemnation, substantiated or otherwise, but rather an opportunity for reflection together, government and the media of the region, in an effort to understand clearly, national and international roles and responsibilities in such crises. For there could be more of the same.

CANA will strive always, as it has done throughout its short history, to ensure, first and foremost, its integrity, through all the tenets of professional journalism: accuracy, fairness, balance, opportunity for all voices and expression to be heard, good taste, and yes, believe it or not, sensitivity in given situations. In so doing, we guard ferociously, our independence, our right to listen, make judgments, and determine for ourselves, what we should or should not report. These, and the fact that we cannot be considered national media in any context, make the CARIBBEAN NEWS AGENCY credible, and the most successful and reliable news agency in the developing world.

Finally, for the benefit of those who do not know the role of a news agency, ours is an exclusive subscription service to the news media regionally and internationally. We do not ourselves broadcast or publish the results of

our general news gathering process. Our subscribers make the editorial decisions regarding what of CANA's material is broadcast, or printed. We do not compete with, and will certainly never deprecate any of those subscribers."

Bahamas

Oil Refinery Sale Concluded With Venezuela

FL0808184090 Bridgetown CANA in English 1819 GMT 8 Aug 90

[Text] Nassau, Bahamas, Aug 8, CANA—The state-owned Venezuelan oil company, Petroleos de Venezuela, SA (PDVSA), has paid over U.S. 120 million dollars for the Bahamas Oil Refining Company (BORCO) on Grand Bahama, industry officials announced on Wednesday.

The agreement also allows the Venezuelan owners to have long-term contractual rights to future storage in Freeport, Grand Bahama. Included in the sale are storage and marine facilities for ships up to 500,000 dead weight tons, an inactive 500,000 barrel-per-day refinery, as well as 624 acres of land. The 168 employees of the former company have all been retained, the officials said.

Dominican Republic

Government Announces Price Increases of Goods

FL0808180190 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 8 Aug 90

[Text] The government has stipulated oil by-products price increases. Among them is the price of gasoline which has been increased to 11 pesos a gallon. The increases, stipulated in Resolution 1-90, also set gas oil prices at five pesos a gallon and kerosene at 7.50 pesos a gallon. The government also stipulated that liquid gas will from now on be sold at 50 pesos for the 100-pound [lbs] tank, 26 pesos for the 50-pound [pound] tank, and 13 pesos for the 25-pound [lbs] tank.

In another resolution passed by the Dominican Sugar Institute and the General Directorate of Price Control, the government set the price of sugar sold to consumers by retailers at 1.35 pesos for a pound of yellow sugar, 1.55 pesos for white sugar, and 1.75 pesos for refined sugar.

No Special Measures Taken After Price Increases

FL0808191090 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 8 Aug 90

[Text] Major General Jose Ramon Mota Paulino, chief of the National Police, reported today that that organization has not taken special measures regarding the problems that may come up after the increases decreed by the government. Through his spokesman, Colonel Juan Ramon de la Cruz Martinez, Mota Paulino also reported that the public order officers have not been withdrawn to their barracks.

De la Cruz Martinez also said that there is complete order in Santo Domingo and that the patrolling taking place in the various commercial establishments is routine. Nevertheless, the National Police spokesman explained that several public order officers are posted near the Autonomous University of Santo Domingo to prevent more incidents such as the ones registered in the last few days. Colonel Juan Ramon de la Cruz Martinez spoke during a news conference held at the National Police headquarters.

Thirty Percent Salary Increases Announced

FL0808182190 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 8 Aug 90

[Text] The president has ordered a 30 percent salary increase for the country's civilian and military servants and its autonomous and decentralized institutions. The order included in Decree No. 274-90 says that the salary increase is part of the measures that will be taken in line with the Economic Solidarity Pact signed by the government with important Dominican sectors last Monday.

In the decree's Article Two, President Joaquin Balaguer instructed the National Budget Office to obtain the necessary resources to provide for the increases. The salary increases ordered by the government are income tax free according to Article Four. The decree's Article Three says the autonomous and decentralized institutions will have to cover the increases with their respective budgets approved for 1990.

Haiti

State Council Issues Communique To Inform Nation

FL0808182090 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 8 Aug 90

[Text] [First announcer] Just three months from the scheduled elections, things are not at all clear—neither within the executive branch of the government nor in the electoral council [CEP].

The State Council has issued a communique in which it states that after the talks that have been going on 27 July-8 August with the group of ministers—whom the executive empowered to find a solution to the crisis between the executive and the State Council and permit the 4 March protocol agreement to become a reality—it is informing the nation where things stand.

First, the protocol agreement has been published in the nation's official gazette LE MONITEUR. The problem of the decree-laws being published without the consent

of the State Council is supposed to be solved. The two parties in the discussions agreed on the principle that in order for a decree to be published, it must be approved by both the executive and the State Council. However, the State Council adds that an agreement has not yet been reached on the particular solution for each decree that was published.

The executive did not keep its promise to appoint a new finance minister, or to merge the Finance Ministry with another ministry—not a Public Works ministry—between 30 July and 4 August.

The State Council has received a report from the ministers of interior and justice on the investigation that is supposed to have been opened on the 21 June attack [on the State Council and popular organizations] at Foyer Solidarity. Both parties [State Council and ministers committee] agree that after seven weeks, the investigation by the Justice Department and the police has not taken a single step forward. The State Council thinks this laissez-faire attitude and other crooked wheeling and dealing show that there is clear inability and an absence of political will on the part of both civilians and the military to solve such cases.

The ministers submitted to the State Council a report on the presence of Lafontant and Regala, the two prominent figures who continue to move about freely in Haiti, provoking much protest from the population. What is worse, there is an arrest warrant out for Roger Lafontant. Suits have also been filed with the judiciary against Williams Regala. In this case, as in the Montes and Villard case, the civilian and military authorities have shown clearly that they are obstructing justice and scorning the population's demands.

To these five points, which are already under discussion, have been added other violations of the 4 March protocol agreement.

The State Council continues: On the eve of Manigat's return to Haiti, the ministers committee submitted to the State Council a project to forbid Manigat to return to Haiti if the former president did not officially acknowledge that he is a former chief of state and not something else. The State Council says that demand had no legal or political character. As a citizen of Haiti, Manigat remains free to enter his country. The pertinent authorities were even (?told they were) obliged to take a number of measures in case there should be trouble. This position, which was discussed with the ministers committee, was finally adopted. One day later, the State Council learned through the media that the executive had adopted a measure by itself, without taking into consideration what the State Council had proposed. The "raison d'etat" set forth by the executive has never been explained.

Mrs. Trouillot's trip to Colombia: Within the framework of the protocol agreement, the importance of such a trip should have been discussed by the parties concerned as of the first contacts. The president notified the State Council very late that she would be going on this trip. New agreements were signed and many appointments in autonomous institutions were made recently without consulting the State Council first. This continues to give the government a political orientation that has nothing to do with the State Council. As a result of the negotiations with the ministers committee, the State Council thinks that the publishing of the protocol agreement in LE MONITEUR has changed nothing in the manner and practice of the executive—which has, since March, been doing whatever it pleases, taking all the decisions it wants, not respecting its committments, and continuing to trample underfoot the demands of the population.

In view of this situation, the State Council, which believes in the mission the population entrusted to it, thinks it is indispensable to lay all these issues quickly before its grassroots, so a decision on this can be reached together.

[Second announcer] Thus, the State Council has still not been able to regain its balance within the government through the 4 March agreement, which should have been reinstated fully, with all its rights.

Decree Gives Interior Minister 'Full Powers'

FL0808155790 Port-au-Prince LE MATIN in French No 30.000, 7 Aug 90, p 1

[Text] Haitian Interior Minister Joseph Maxi is henceforth invested with full power to "exercise strict control on the entry and exit of Haitians and foreigners into the national territory," under the terms of a decree issued by the provisional government on 16 July.

By virtue of Article 1 of this decree, the minister of interior is invested with the legal authority to decide if the presence of any individual, be he Haitian or foreign, on the national soil is of such a nature as to disturb the public peace and threaten the security of families.

The minister can, by virtue of reasons of state, decide on the advisibility of refusing entry to Haiti to any individual against whom there exists sufficient reason to not allow him into the national territory.

It is believed that this decree was inspired by the disturbances brought about by the arrival in Haiti of former General Williams Regala and former Interior Minister Roger Lafontant.

Lafontant's Lawyers Move Case to Higher Court

FL0808164390 Port-au-Prince Radio Nationale in Creole 1300 GMT 7 Aug 90

[Italicized passages in French]

[Excerpts] According to Dr. Roger Lafontant's three lawyers—Lherisson Alezi, Emmanuel Clersaint, and Osner Fevry—whom we interviewed at the Law Courts in Port-au-Prince on 6 August in connection with the

warrant issued by Public Prosecutor Bayard Vincent, Lafontant rejects en masse all the judges of the civil court of Port-au-Prince.

According to his lawyers, Lafontant bases his rejection on what they call a legitimate fear that the judges would not be impartial in reaching a decision.

In the formal statement Lafontant made at the office of the court clerk of the civil court of Port-au-Prince, he referred to the public statements made by Doyen Arnold Charles in connection with this case, and to the allegedly political decision to send Judge Justin Fougere into retirement after he eliminated the 12 July warrant from Public Prosecutor Vincent. [passage omitted]

[Begin Alezi recording] [Passage omitted] Even if they see that Dr. Lafontant is right, for political reasons they will still hand down a negative ruling, so Dr. Lafontant is taking no chances. With the help of his lawyers, he rejects all of these judges en masse, so not a single one of them can hear the case, and so the case can go up to the court of appeals [en cassation]. [end recording]

For his part, attorney Clersaint is going to tell us how he views the summons to appear enforceable by arrest that the public prosecutor issued against Dr. Lafontant.

[Begin Clersaint recording] *All the public prosecutor can do is await the decision of the court of appeals, find out if the court of appeals accepts the rejection or not. Now, since all the judges of the civil court have been rejected en masse, the public prosecutor can, meanwhile, do nothing; and cannot issue any other warrant.* [end recording]

Attorney Fevry says that regardless of the fact that Judge Justin Fougere was sent into retirement, the ruling he handed down on 12 July remains valid. Fevry says all three of Lafontant's lawyers have already sent the ruling to the court of appeals. Therefore, no civil court judge can hear this case.

Fevry added that neither the Haitian Army nor the police may stick their noses into this business at this time. They must wait for the court of appeals to rule on the matter.

[Begin Fevry recording] We have the impression that this is a political matter. When the public prosecutor came to argue the case, he had in his hand dossiers marked "Ministry of Justice." This means they were given an order. Therefore, we feel that this is such a political case that the best way to argue it is to first let passions die down. Since the law puts certain weapons at the disposal of the parties, our client is employing the weapon called legitimate suspicion. [passage omitted] [end recording] [passage omitted]

Further on National Port Authority Strike

FL0808162190 Port-au-Prince Radio Metropole in French 1600 GMT 7 Aug 90

[Italicized passages in Creole]

[Excerpts] There is a strike going on at the National Port Authority, APN. Employees and day laborers are demanding the return of APN general director Fritz Joseph, fired last Friday by the minister of finance. [passage omitted]

[Reporter Jean Max Cyprien] *All activities have been paralyzed at APN since last Saturday, after the APN's general director received a letter of dismissal from the minister of finance. This strike will not be lifted until Mr. Joseph returns to his job, say the majority of APN's employees.* [passage omitted]

The employees say that the APN general director was fired because he is honest, and is not willing to continue the policy of kickbacks that has always existed between APN officials and the Ministry of Finance.

Another condition for lifting this three-day strike: The APN employees ask that the minister respect the promise he made to give them a raise, after several weeks of negotiation.

Fritz Joseph himself, who has not shown up at APN since Friday, feels the minister's decision is a mistake, a mistake he explains away as being due to pressure from certain opportunistic collaborators in the Finance Ministry.

[Begin Joseph recording] *The minister did not send me a letter. He summoned me to the Finance Ministry at 1500. He received me, and while I was there he gave me the letter personally. That was really an informal way to do it. He should have sent me the letter at APN, so they could stamp "received" on it. That is, however, not all that serious.*

So, during the meeting, he said: Joseph, my man, I congratulate you... [corrects himself] We congratulate you for your management of the port, but we have decided to transfer you. You may choose any other institution and we will send you there as director.

Frankly, I could not understand the decision. I mean, if they are congratulating someone for his good management and then ask that he be transferred.... [leaves sentence unfinished] He told me: Any other institution, anything except APN.

I thought that maybe, if there was an institution with a problem, he might be choosing me to go solve a particular problem. That was not it, however. So, when I saw that.... [changes thought] I just could not see any reason justifying the decision, especially since I was appointed by presidential decree. Consequently, a simple letter from the minister cannot abrogate a decree.

Besides, the elementary principles of administrative law require that the authority that appoints you also be the authority that fires you. [end recording] [passage omitted]

*** Enslavement of Haitians Denounced**

90CA0087A Santo Domingo EL NACIONAL DE [AHORA] in Spanish 8 Jul 90 p 16

[Article by Rafael P. Rodriguez]

[Text] Santiago—Father Ramon Ramos claims he can prove, to President Joaquin Balaguer or any international organization, that the country does not have just one or two cases of slavery, but hundreds.

Ramos said that if the president wants, he can do the work he thinks he is doing successfully.

For all Dominicans without exception, it is no secret that Haitians are totally enslaved from the time they cross the border until the day when, in desperation over their mistreatment, they finally leave, that is, if they are able to do so, Ramos adds.

He explains that the Haitians are often held and forced to work. President Balaguer claimed Thursday that the government is the target of a campaign of slander built upon the mistreatment of the Haitians.

Ramos wondered how the president could make the claim that Haitians are well-treated in our country. "Nothing could be further from the truth," he said in a written statement.

He added that for years Haitians have been forced to endure one of the cruelest forms of slavery.

Ramos labeled Dr. Balaguer as "one of the great intellectuals of anti-Haitianism in the Dominican Republic, in power since the Trujillo era. It was during that period, in October 1937, that the great slaughter of Haitians occurred, when President Balaguer was over 30 years old."

"I believe the Catholic Church, as a reliable institution and defender of the oppressed, should, on behalf of those who lead it, contradict the false statements which people in government are making to international public opinion," Ramos explained.

He added that it is untrue that no Dominican, reformist or Balaguerist, would believe Haitians are not mistreated.

He called upon the Bishops Conference, the Dominican Clerical Conference, and all institutions familiar "with the sad condition of enslavement of our Haitian brothers to come out in defense of the oppressed."

*** 'Haitian Problem' Defined**

90CA0087C Santo Domingo EL NACIONAL DE [AHORA] in Spanish 16 Jul 90 p 11

[Article by M.A. Velazquez-Mainardi]

[Text] The Haitian problem is as old as the republic, but has nevertheless never been studied by our governments with the proper attention and seriousness it deserved. As a result, it has grown worse and worse, year after year, becoming ever more complicated.

Given the scope of the problem, no longer is it merely an immigration problem, based on the illegal status of the Haitians who cross the unprotected border we share with that neighboring nation and settle in our territory.

Absolutely not! Such is unfortunately not the case, for it has gone far beyond that framework. Not only have Haitians taken the place of Dominicans in certain areas of agricultural and industrial production, but they are also distorting what is specifically "national."

Indeed, the so-called Haitian "bracero" does not work exclusively, as he did until recently, in the sugar industry cutting cane, performing tasks Dominicans have traditionally considered denigrating because of the low pay as well as the harsh conditions to which they are exposed.

Haitians now cover a large part of all tasks involved in harvesting cacao, coffee, and rice and work in the construction industry as unskilled laborers. In such activities, as in cane cutting, they are paid daily wages far below what is provided by labor laws, which is a violation of human rights.

This is where the responsibility of government officials for solving the Haitian problem in our country comes in, for they have made themselves the accomplices of unscrupulous owners and contractors who have managed over the years to set up an illegal and inhuman system of trafficking in men and women from the neighboring sister nation.

The problem has spilled over onto the international level, and in Geneva, Switzerland, the ILO [International Labor Organization], that specialized agency of the United Nations, has repeatedly condemned the Dominican Republic for keeping Haitians in a state of semi-slavery, working, not only in the sugar industry, but in the previously mentioned areas as well.

Moreover, this problem is having an impact on other countries such as the United States, where measures are being adopted against the Dominican Republic that tend to affect advantages previously enjoyed by us in trade, specifically on the preferential sugar market.

The Dominican Government must draft a policy toward Haitians with no repressive abuses and based on the geopolitical fact that two different nations occupy the same island territory. This [is necessary] in order to seek harmonious relations resulting in a modus vivendi in which neither of the two hurts the other.

The border must first of all be closed to Haitians entering the country and wishing to remain in the national territory illegally. At the same time, we must send back those living in our territory under the same conditions and inflict harsh sanctions on contractors hiring Haitian workers in violation of labor laws.

Our country, which is now experiencing a serious economic and social crisis accompanied by a budding national uprooting—just as if it were in the process of denationalization—cannot afford the luxury of having

our territory occupied by people from another culture, supplanting the values on which the very Dominican nation is based.

The problem is more serious than our people imagine and it cannot continue to be treated lightly or avoided.

* Abuse of Haitian Workers' Rights Described

90CA0087B Santo Domingo EL SIGLO in Spanish 5 Jul 90 p 11

[Editorial by Dr. Jose B. Gautier]

[Text] Every year, starting in 1972, thousands of Haitian nationals have been taken prisoner in Haitian territory and illegally transported to Dominican territory as contraband. In collusion with immigration authorities of both countries, they are sold by the head to the highest bidder by specialized traffickers to work in the national sugar industry, and occasionally they are temporarily lodged in the yards of Dominican border military fortresses. Or, they are captured without Dominican legal documents in our territory in roundups conducted by Dominican soldiers anywhere in the country and, once caught, instead of being brought before the courts so they might be deported as illegal aliens, they are either forced or tricked into working as cane cutters in a land under government agrarian reform and attached to the socialized mills.

Thousands of Haitian nationals who also have no Haitian personal identification papers, either because there is no Civil Registry in the Republic of Haiti or who have no Haitian passport or personal identification papers, no first or last name, do not know how to read or write and speak only Creole, young, strong workers, are hauled in trucks like cattle from the border to the different sugar refineries of the State Sugar Council (CEA). Accompanied along the way by Dominican soldiers, they will work and live in subhuman conditions in unhealthy so-called cabins with no electricity, running water or bathrooms, not even latrines, where garbage and waste are thrown onto the rooftops.

Access to such places is difficult because there are no roads or highways. The water they drink and which they use to wash comes from polluted streams or ponds. The food they eat is cooked in kettles in their huts on smoking, wood stoves made of three stones. They sleep on the dirty floor or in hammocks, men, women, and children mixed and stacked together, separated only by cardboard dividers. What are these human beings if not the slaves of the Dominican Government officials who use and exploit them, with no mercy or pity, in violation of the constitution and the law?

The president of the republic, Dr. Joaquin Balaguer, delegating authority to his foreign minister, Dr. Joaquin Ricardo, the secretary of labor, Dr. Prim Pujals, and the director of the State Sugar Council, Manuel Vinas Caceres, can supply authentic, documented proof to national and international public opinion to contradict this pro-slavery accusation already earned by Dominican governments for many years in diverse international forums, where economic sanctions are now being demanded against our country until this situation of injustice and violation of human rights is corrected. I repeat, they can supply authentic, documented proof on the legal contracting in Haiti of temporary workers of Haitian nationality and their transfer to the Dominican Republic, their legal entry into and exit from Dominican territory, and their legal residence permit authorized in accordance with the law. They can vouch for the validity of health certificates issued by the proper health officials of the thousands of Haitian nationals working as cane cutters for the national sugar company—apparently illegally—without any personal identification, work, or health documents, enduring subhuman living and working conditions, with no legal protection whatsoever. Likewise, the president can, through those same government officials, provide authentic proof of the existence, legality, and morality of work contracts signed between each of the Haitian braceros and the state sugar company, with dates, place of signing, conditions, wages, duration, and so on, contracts that must be supported by the existence of a valid international treaty or agreement signed by the Dominican and Haitian Governments, approved by the National Congress, and in accordance with Dominican labor laws.

If such irrefutable, conclusive proof cannot be publicly exhibited, if these Haitian nationals working for the socialized sugar industry are not slaves of the Dominican Government, then what are they?

Jamaica

General Secretary of JLP Youth Branch Dismissed

FL0808220590 Bridgetown CANA in English 2033 GMT 8 Aug 90

[Text] Kingston, Jamaica, Aug 8, CANA—Young Jamaica, youth arm of the opposition Jamaica Labour Party (JLP), has sacked its general secretary, Carl Bent, press reports said. The sacking came in the wake of internal problems within the youth arm. These problems are related to the controversy which recently surfaced about Edward Seaga's leadership of the JLP. The controversy led to splits within the youth arm with officials being accused of "carrying stories" to the JLP leadership.

Young Jamaica also said the position of recently elected President Dorian Francis will be dealt with when the National Executive Council meets on August 18.

Bent was fired at an executive meeting last Thursday for failing to "carry out his functions and responsibilities as general secretary". He was also accused of joining "with a small group which includes the president in taking false and malicious news to certain members of the leadership of the (parent) party about Young Jamaica members as to who are pro- or anti-Seaga".

He has been replaced by Claude Chito.

Trinidad and Tobago

Coup Attempt Damages Estimated at $75 Million

FL0808124590 Bonaire Trans World Radio in English 1130 GMT 8 Aug 90

[Text] The Trinidadian Government estimates last week's coup attempt cost about $75 million in damages. Government officials say that includes damage from looting as well as destruction of buildings by the extremists.

Meanwhile, Trinidadian business groups are praising the country's security forces for the way they handled the crisis. The Chamber of Commerce and Industry feels that both local and international assurances must now be given that the business of the country is under control. Police officials have intensified their efforts to recover items taken by looters.

Congressional Commission Condemns Iraqi Invasion

PA0908001490 Mexico City NOTIMEX in Spanish 2224 GMT 8 Aug 90

[Text] Mexico City, 8 Aug (NOTIMEX)—With only the Popular Socialist Party [PPS] voting against, the Permanent Commission of the Congress has approved a call for the immediate withdrawal of the Iraqi troops that have been occupying Kuwaiti territory since 2 August.

The statement, which urges the superpowers to refrain from any unilateral intervention in the conflict and reaffirms the principles of Mexican foreign policy, was approved as drafted by the other political parties.

Speaking for the PRD [Party of the Democratic Revolution], Senator Porfirio Munos Ledo described the statement as "opportune and consistent with the best traditions of the country's foreign policy, because it firmly and unequivocally condemns armed aggression."

PPS deputy Sergio Quiroz criticized the statement, saying that "foreign policy principles are being applied mechanically in this case, thereby favoring concealed interests of the United States" in this conflict.

In reply, Senator Munoz Ledo said that the principles must be applied "no matter what state, ideology, geographical location, level of friendship, or bilateral relationship is involved."

"Foreign policy is strengthened to the extent that we are clear and categorical in defining those principles," he said.

The PRD legislator asked the Permanent Commission to ask the Mexican Foreign Ministry for a report on the Persian Gulf problem and its implications.

The Permanent Commission statement condemns the use of force by Iraq, the violation of Kuwaiti territory, and the replacement of Kuwait's government by violent means.

It also calls for the principle of the peaceful resolution of conflicts to be applied and for all other countries to refrain from taking any action outside the dispositions of the United Nations that could aggravate or generalize the problem.

Solana on Attempt To Increase Oil Production

PA0908032090 Mexico City XHTV Television in Spanish 0225 GMT 9 Aug 90

[Text] Mexico will strive to increase its oil production to 100,000 barrels per day, stated Foreign Minister Fernando Solano in Washington. He said that this will be Mexico's contribution to diminish the tension caused in the oil market by the Persian Gulf conflict.

[Begin recording] [Reporter] Mr. Solana, President Bush this morning issued an appeal during a news conference and in a communique to all the oil producing countries, urging them to increase their production—or their oil supplies to the United States. What is Mexico's reaction?

[Solana] Mexico is not prepared to significantly increase its production. In fact, we have practically been producing to our full capacity in recent times and part of that production, approximately 50 percent, is destined for internal consumption. We export the rest to several countries. Our most important client is, in fact, the United States.

Nevertheless, we are striving to serve countries that are our friends and clients at a time when there is a problem. We are trying to increase the amount of oil we offer for export by approximately 100,000 barrels a day. [end recording]

Honduras

Sitraterco Denounces Lack of Support

PA0808200490 Tegucigalpa EL HERALDO in Spanish 6 Aug 90 p 2

[Text] San Pedro Sula—After six hours of talks at the 105th Infantry Brigade in San Pedro Sula, commissioners for the Tela Railroad Company, Sitraterco [Trade Union of Tela Railroad Compnay Workers], and the government signed at 2130 last night a "Special Acceptance and Reconciliation Act" in which the workers union promises to return to work first thing today.

The signing of this document ends the 45-day strike by 9,500 workers of the multinational banana company who demanded increased wages and other benefits that are part of the collective working condition contract, which according to Sitraterco, were being denied to them.

The closed-door meeting began at approximately 1530 yesterday at the brigade officers' club, following the arrival by helicopter of the government commission headed by Labor Minister Rodolfo Rosales Abella.

The agreement was reached following the military intervention at the banana installations late on 4 August, which left several people arrested, five people injured, and several other people who had been assaulted, among them Vica Televsion cameraman Juan Cubas, who was struck twice on the head with a rifle butt.

According to Sitraterco President Rene Ayestas Chavez, the strike cannot be deemed a failure since the small wage increases that were obtained will serve as a basis to negotiate with the company the next collective contract, which sets a precedent for the union.

Ayestas said that "we arrived at this agreement primarily for the sake of the country's interests," and the workers were already aware that the conflict could worsen and that it was important to arrive at an agreement today (5 August)."

The trade union leader admitted that the final agreement was possible after consulting with the rank and file on 4-5 August and because of the poor support by other worker unions that comprise what is known as the Struggle Program. "The best thing was to accept," he said, adding that "this should make us reflect on the union movement in Honduras."

Ayestas said that the rank and file must analyze "the type of leaders they have. We have to see if those at the top are really guarding the interests of those they represent, or if they are only there to look after their own interests."

Ayestas regretted that Armando Galdamez, National Trade Union Federation of Honduran Workers (Fesitranh) secretary general, had abandoned them in their struggle when it was really necessary that they be there to hear Ayestas' speech defending the country's union movement.

It was unofficially reported that Galdamez traveled to Miami, while Luis Santos Yanez, Confederation of Honduran Workers (CTH) president, and Secretary General Francisco Guerrero Nunez were nowhere to be seen during the most recent struggle waged by the country's most powerful workers union, according to complaints by Sitraterco directors.

It has been confirmed that Fesitranh President Mario Quintanilla has been the only leader present in La Lima since 4 August, when the militarization took place.

Ayestas reiterated that the negligence of those leaders "should move us to reflection—not just Sitraterco leaders, but the labor movement in general." He described the platform of struggle to be "transient."

Asked if the platform of struggle was bound to disappear, he said: "That will have to be determined by the rank and file in the various unions, and the other organizations that comprise Sitraterco will have to decide if they will continue to support that platform through Fesitrah."

Visibly angry, Ayestas said that "Tela workers approached us and asked us to find a solution for the conflict, because the situation became more difficult for Sitraterco with the decree issued by President Callejas, and after 42 days of strike, the platform of struggle called for meetings and not decisions to support the union."

Ayestas said that workers who were hired recently by the company—approximately 4,500 workers who were seen as "strikebreakers"—were removed.

"President Rafael Callejas' proposal, which had been accepted by the company, should have been automatically withdrawn with the decree, but nevertheless remained in effect on this occasion.

Ayestas added: "At this time, we do not know who will pay the salaries to the workers who were on strike, but we will make the necessary efforts to have them paid."

According to the special agreement signed by the parties involved, workers will be back to work today at 0600. However, representatives from the Tela Railroad Company, the union, and the government will meet tomorrow at 1000 at the mayor's office to discuss and sign agreements regarding points related to "Docks and Containers in Puerto Cortes and Disabilities [Incapacidades]".

Tela Manager Karl Koch said that he is pleased with the agreements and that he hopes the company will stay in the country for many more years after having been here 100 years, and after 36 years of relations with Sitraterco, which in his opinion "will improve."

"Harmony between work and capital is important," Koch said before shaking hands with Sitraterco President Rene Ayestas.

Meanwhile, Labor Minister Rodolfo Rosales Abella noted that neither the company nor the government will pay wages not paid during the strike, and he said he is optimistic that "things will be better now between Tela and the union."

Rosales congratulated the parties involved in the conflict for reaching an agreement in the presence of 105th Brigade Commander Colonel Hector Fonseca Lopez. He added that "starting tomorrow (6 August) we must produce more to bring more foreign exchange into the country."

For his part, Colonel Fonseca Lopez said that the 500 soldiers who occupied the company's facilities to protect them and guarantee worker safety will remain there for the next 48 to 72 hours; in other words, until production activities are normalized.

Asked to make a statement for the press, he said: "I cannot comment as the general [Arnulfo Cantarero] has not authorized me to grant interviews until after the president speaks on a radio and television network.

Concerning an incident in which five people were hurt, he said that "I am waiting for a report. This is still under investigation, but a lieutenant by the name of Garcia Amamdor has been mentioned."

At the assembly of Sitraterco general secretaries held at 2230 on 5 August, the agreement signed at the 105th Infantry Brigade was unanimously accepted.

It has been learned that the Tela company will today start paying its workers 350 lempiras as an advance on its salaries for this month, recognizing that "they are going through a crisis."

Ayestas said that he was officially told that "if no agreement was reached with the banana company and the government on 5 August, a decree establishing a state of siege would be promulgated," which would prevent a nationwide general strike.

Nicaragua

FAS Chief Removed; Salvatierra Appointed

PA0908124590 Managua Radio Sandino in Spanish 1209 GMT 9 Aug 90

[Text] A change has suddenly occurred in the officer ranks of the Sandinist People's Army in a way never before carried out with high ranking officers. Colonel Manuel Pichardo has been removed from his post as chief of the Sandinist Air Force [FAS]. Pichardo was considered a respectful officer in the FAS.

The new FAS chief is Colonel Manuel Salvatierra, who for many years was military commander of the 6th Region, which includes Matagalpa, Jinotega, and the zone of Murucucu.

Col. Pichardo's political and military background has no black marks. Pichardo left the university to join the struggle against the Somozist dictatorship, and went into the mountains. In the Army he was always [words indistinct] of Leon, Chinandega. Later he went to the 1st Region of Ocotal and Nueva Segovia. Two years ago he was appointed chief of the FAS, replacing Colonel Emmett Lang Salmeron. Pichardo is known to be a rigid military officer, but he maintains excellent relations with his troops. He has adopted economic austerity measures, and in his relations with civilians he has always maintained a cordial attitude.

Salvatierra also has a good background in guerrilla fighting in the zone of Carazo where he was wounded in the final offensive. In the Army he served as commander of the 1st and 6th Military Regions.

H. Ortega on Remaining Armed Forces Commander

PA0808223090 Managua Radio Catolica in Spanish 1130 GMT 8 Aug 90

[Text] During a news conference yesterday General Humberto Ortega said that President Chamorro cannot remove him from his post as armed forces commander or reduce his budget.

Gen. Ortega was annoyed and evaded a question from a U.S. journalist. When asked what his reasons were for remaining in his post after the resistance had been demobilized and the Army reduced, Ortega did not respond directly. Instead, he referred to the transition protocol and said that President Chamorro had made the best decision for the country.

Ortega avoided mentioning 10 December, the date on which he is supposed to leave his post as armed forces commander. Here is his statement.

[Begin recording] [Reporter] President Chamorro has said that your keeping your current position will depend on two factors: the war and the contras' demobilization, which is over, and also on a plan to reduce the Army. Now apparently this could take a long time, as you have said that the reduction of the Army will depend on the reduction of other armies in the area. Will this time be indefinite?

[Ortega] Not if an agreement is reached [words indistinct] we will advance. If there is an agreement those reductions and balance of forces could take place sooner. However, what is important is that the decisions that have been made so far have been made according to what's best for the country. An army exists within the framework of the Constitution. An agreement that says that the army will be respected was signed on 18 March. Nothing is happening.

[Reporter, interrupting] My question is...

[Ortega] That is a law. In a country like ours we are trying to [word indistinct] democratic process we must act within the framework of the Constitution and laws and not arbitrarily. The president, in this case Mrs. Chamorro, must act and govern within the Constitution and not arbitrarily. By the same token, the Army must also act in accordance with the Constitution. That is what's happening here. [end recording]

Editorial Calls for Explanation of U.S. Pressure

PA0808154190 Managua EL NUEVO DIARIO in Spanish 7 Aug 90 p 1

[Editorial: "The Government Must Explain!"]

[Text] A U.S. Embassy spokesman has refused to comment on the pressure allegedly being exerted on the Nicaraguan Government to withdraw its suit against the United States at the International Court of Justice in the Hague. The court has labeled the United States an aggressor against our country and people.

The spokesman said, however, that "the sooner this matter is ended, the better for relations between our two countries."

As our Foreign Ministry has not issued a definite statement on the issue, we demand a public explanation.

The only way to "end this matter" is for the United States to comply with the sentence and to indemnify us for those things that can be indemnified, because the human lives sacrificed by their illegal and cruel aggression can never be paid for.

Therefore, on behalf of the the victims of the war financed and directed by the U.S. Government, we demand an immediate explanation from the Nicaraguan Government.

Is it being pressured, and how?

Is it willing to yield to pressure?

Or is it trading the blood of Nicaraguans for dollars and good relations?

It is up to the government to say.

Official Denies Knowledge of U.S. 'Demand'

PA0808223590 Managua Sistema Nacional de Television Network in Spanish 0330 GMT 8 Aug 90

[Italicized passages are recorded]

[Text] Deputy Foreign Minister Noel Vidaurre has said that he knows nothing about the U.S. Government demand that Nicaragua withdraw the lawsuit filed before the International Court of Justice [ICJ] at the Hague. The ICJ ruling calls for the U.S. Government to pay Nicaragua $17 billion.

[Vidaurre] *Thus far, we have no reports on that. Up to now we have not learned about any U.S. pressures or demands. We will conduct an investigation because such reports have not been confirmed by the foreign ministry or by the U.S. Government. The foreign ministry has not been pressured by the U.S. Government in this regard.*

Vidaurre said that in the event there is any request of this nature it would be necessary to analyze the terms of the request.

[Vidaurre] *We would have to analyze the request to see what the U.S. Government wants specifically. Therefore, I cannot tell you the answer before we have received the request. We do not even know what the U.S. Government would request.*

The FSLN [Sandinist National Liberation Front] will request a report on the government's official position regarding the ICJ case.

[Sergio Ramirez Mercado] *The Sandinist faction will request that Foreign Minister Enrique Dreyfus appear before the directorate of the National Assembly to explain two things. First, and regarding the ICJ ruling that is being considered, we will request an explanation from the government about continuing this lawsuit because we have heard media reports that say the government would be willing to withdraw the lawsuit. This is a situation of great concern to us because the National Assembly approved a law declaring the ICJ ruling a national issue. Therefore, the Executive Branch cannot decide to withdraw, repeal, or cancel the ICJ ruling. That ruling recognized Nicaragua's right to demand compensation from the U.S. Government for all damages caused by the war of aggression.*

Humberto Ortega Discusses CSCA Talks

PA0808223290 Managua BARRICADA in Spanish 8 Aug 90 pp 1, 5

[Text] General Humberto Ortega, chief of the Sandinist People's Army [EPS], has said that, in the future, the process of reduction of the Nicaraguan Army will depend on a regional agreement that has established a reasonable balance of forces.

General Ortega yesterday evaluated the meeting of the Central American Security Commission, CSCA [Comision de Seguridad de Centro America], that was held the week of 29 July in San Jose with the participation of military chiefs from the five Central American countries.

During the meeting, Nicaragua presented a 10-point document "aimed at eliminating the arms race and reducing the size of the armies and the purchase of arms, in the framework of a reasonable balance of forces, which allows the governments to allocate economic resources to meet the urgent social and economic development programs of Central America."

Most of these points have been included in the final document. Gen. Ortega described the meeting as "productive" and announced that the CSCA will meet again in El Salvador on 10 and 11 September.

The EPS has reduced its forces to 40,000 active servicemen, which is about the same size as the Honduran and Guatemalan Armies. Upon assessing the results of the CSCA meeting held in Costa Rica on 31 July, Gen. Humberto Ortega reported that the aforementioned armies are outnumbered by the Salvadoran Army.

The CSCA, which was created by the Central American presidents, met in San Jose, after being inactive since December 1987.

Gen Ortega said that the meeting "laid the foundations for subsequent agreements" to establish a reasonable balance of forces among the armies of the region.

The CSCA's objectives established in San Jose include making sure the armed forces of the region "serve only to defend sovereignty and territory, preserve internal order, and maintain a proportional and overall balance of armament, equipment, and soldiers so that these armed forces do not constitute a threat to neighboring countries."

Other objectives include establishing a new standard of security relations and "seeking commitments regarding foreign military presence in the region."

According to the CSCA, in case of "internal conflicts or subversive movements," troop and equipment restrictions could be exceeded and would be subject to "established verification and control mechanisms."

In San Jose, it was also agreed to accept the assistance offered by the OAS and UN Secretariats General.

Gen. Ortega advocated the creation of a verification and control commission composed of the secretary generals of both organizations.

He also favored the creation of cooperation mechanisms between neighboring countries that would make it possible to sign peace treaties in the future. "We expect to reach an agreement of this kind with Honduras immediately," the officer added.

In this context, he mentioned the efforts made to settle the border problems with Honduras, particularly those related to the interpretation of the maritime borders and access to the seas.

Gen. Ortega said that the United States "should unilaterally reinforce" the work being done in the region "by either removing bases or reducing its military presence immediately."

Regarding EPS relations with the United States, Gen. Ortega said that asking for assistance for defense has not been contemplated but that "all possibilities are considered" and that such assistance could be requested "provided no strings are attached."

Finally, he said that the reduction in the number of EPS members has so far not resulted in significant savings in the Army's direct overhead and that such savings will begin to be noticeable halfway through next year to the extent that the reorganization of the armed forces has stabilized by then.

Gen. Ortega said that there are some savings, however, because there is no war. Thus, the country does not have to suffer the consequences of a commercial freeze, the harm inflicted on production, or the loss of human lives.

Panama

Differences in Kuwait-Panamanian Invasion Viewed

PA0908023490 Mexico City NOTIMEX in Spanish 2349 GMT 8 Aug 90

[Text] Panama City, 8 Aug (NOTIMEX)—Julio Linares, the Panamanian foreign minister, said today that the invasion of Panama was different from Iraq's invasion of Kuwait because in the Persian Gulf the military intervention took place to impose a "puppet" government.

Linares said that "there are invasions and invasions" because in Panama "elections were held last year and President Guillermo Endara won by an overwhelming majority, unlike all other other Latin American presidential candidates."

Endara's government assumed office a few hours after the U.S. armed intervention on 20 December 1989, which deposed the government of General Manuel Antonio Noriega.

Linares pointed out that the previous government denied Endara's electoral victory and that the invasion of Panama "reestablished the Panamanian people's self-determination."

Unlike the United States, the foreign minister said, "Iraq, guided by its own interest, invaded Kuwait to impose a puppet government that will respond to Iraq's interests."

"The invasions of Panama and Kuwait are completely different from each other," Linares said. He affirmed that what Iraq seeks is to have its economic and geopolitical interests prevail.

The Middle East crisis can have repercussions on Panama's economy because crude oil prices are on the rise and this will result in an increase in the price of gasoline.

Last week Panama condemned Iraq's invasion of Kuwait and said that this action was "an attack against international law and order."

Linares on U.S. Draft Legal Assistance Treaty

PA0808184590 Panama City EL PANAMA AMERICA in Spanish 6 Aug 90 p 1-A

[Report by Maricarmen Sarsanedas]

[Text] The mutual legal assistance treaty currently being studied between the United States and Panama has nothing to do with "bearers' shares" (acciones al portador) Foreign Minister Julio Linares has told EL PANAMA AMERICA. He admitted, however, that "he honestly had to admit that on one occasion this sort of thing had been proposed by the U.S. delegation to Panama. [quotation marks as published]

"There is much expectation because it is believed that it is something shady," Linares said concerning the treaty, the name of which has still not been determined. He said that the treaty is intended to provide for cooperation in the investigation of crimes.

Linares said: "It is good that this is known, because it was mentioned, for example, that this treaty would deal with aspects related to "bearers' shares" and a series of things that have nothing to do with this treaty.

Linares said that although the treaty's objective is favorable both to Panama and the United States "one must be careful, because it must be determined to what extent that broadness, if that treaty is too broad, could harm rather than benefit us."

Concerning the discussion under way with U.S. representatives, including Michael Kozac, U.S. Deputy Secretary for Inter-American Affairs, Foreign Minister Linares said that specific points are being worked out to begin to draft it.

In the case of former General Manuel Antonio Noriega, Panama could profit a lot from this treaty, Linares said, because it could request that statements be taken from the case, incorporated into his case in Panama, and considered as valid evidence. Also, documents on the Noriega investigations could be used as preexisting evidence, and the United States could supply authentic copies that would be perfectly valid, thanks to the treaty.

The foreign minister said that the Panamanian delegates participating in the negotiations have been studying similar treaties that the United States has signed with other countries such as Switzerland, the Bahamas, and Mexico.

In this regard, Linares said that the case of Mexico is of particular interest because it is a "supranationalist" country and its team of negotiators would want the treaty reached with Panama to follow the guidelines of the Mexican treaty.

However, Linares recognized that he did not have in-depth knowledge of the referent treaty and that certain reforms would have to be made. He reiterated, however, that he would be very satisfied if the treaty with Panama followed those guidelines. The mutual legal assistance treaty, which is currently being discussed, has been strongly criticized by legal professionals, who allege that it could destroy the fiscal paradise that exists in Panama, where 200,000 anonymous companies and 110 banks operate.

Criticism is based on Number 2 of Article 1 of the draft treaty, which establishes that previous commercial, financial, trade, and banking documents or information on monetary transactions can be demanded as evidence.

U.S. Spies Said Investigating Plot at University

PA0808140190 Panama City CRITICA LIBRE in Spanish 6 Aug 90 p 4

["Sections" column by Milciades Ortiz, "Operation 'U'; Part One"]

[Text] Secretly, U.S. intelligence agents, former members of Noriega's G-2 [intelligence services], and well-known members of the PRD's [Democratic Revolutionary Party] Communist "Tendency" [Tendencia] faction have been entering the University of Panama for diverse reasons, but with one goal—to participate in favor of, or against, so-called "Operation U."

U.S. espionage organizations have detected a plan to turn the university into a base of operations to destabilize the country and to provoke the downfall of the democratic government by inspiring fierce disorder and chaos.

Other groups view their presence at the university as part of an action that is already being carried out calmly and with much tact, because they do not want it to be "neutralized," as is already happening, according to information I have received.

We must point out that the university is not the only "sanctuary" of enemies of democracy, who want a pro-communist government, a sort of "Noriega regime without Noriega." These enemies have also infiltrated labor unions, the movement of victims of El Chorrillo, the movement of relatives of the 20 December victims, government employees (whom they already pretty well control), and special situations like those in the Colon Free Zone and border areas.

The university, however, is one of the most important and dangerous points, because the old structures that were there during the dictatorhsip still exist. These structures include people who served the narcotics Mafia and who are still earning salaries in some very important positions at the university.

According to fragmentary information I have received, "Operation U" is very complex because it involves several sectors of the university (most of them).

There is talk, for example, of destabilizing activities among the teaching staff, administrative employees, and students (the most difficult sector to control right now). These groups would use excuses like the defense of university autonomy

(which has allowed the university to stand still in time as of 19 December), increase in budget allotments, and respect for professors, among others.

Among the professors, the Noriega-era structures are still intact and ready to go into action. The same goes for the administrative staff. However, with the students, it is not so easy.

That is why communist militants of the PRD' "Tendency" and well-known Noriega followers are returning to the university after a hiatus of several years, to take over student groups, especially the Schools of Law, Press, and Public Administration.

According to reports, university officials are allowing this situation, allegedly in the name of sovereignty. However, they are really doing it in exchange for support of the Noriega followers in their aspirations for reelection to university posts—in other words, to keep what the civilian government has not been able to take away from them.

We would not be surprised at violent actions among student groups, within and outside the campus, if the internal conflicts continue.

That is why U.S. spies are desperately trying to ascertain the real situation at the university, and to dismantle the operation being created slowly, but surely, by the narcodictatorship at our university.

Endara on Security Measures, Public Force

PA0808171190 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Aug 90

[Text] Panamanian President Guillermo Endara Galimany has reported that, as of 7 August, the government will implement new security measures to reinforce surveillance in Panama City.

[Begin recording] [Endara] I believe that the measures that the government and justice minister have consulted with me on and I approved are suitable, especially for the times in which we are living. If we have to implement even more severe measures we will do so. One of the duties of a democratic government is to protect all citizens without exception.

[Reporter] Mr. President, a poll conducted in Panama has shown that 73 percent of the Panamanian people are against the Public Force [FP] and demand changes within it. Will the government take this poll into account?

[Endara] We will take into account all polls, opinions, and criticism. As representatives of a democratic government, we cannot be blind, deaf, or dumb. We must listen to our people's opinions. We must, however, act according to what we think is best while listening to the people's voices and criticism.

[Reporter] The Panamanian bishops have issued a letter on the country's current situation. What do you think about that letter?

[Endara] The day that letter was released, one of you reporters, who is very quick, read only the part of the letter that expressed criticism of the government. I had a bad impression of the letter at that moment, but when I read the entire letter, I was pleased to learn that the letter not only contains criticism, but also praise for the government. Some of the letter's paragraphs recognize the work the government is doing for the Panamanian people and the country's economy.

I believe that the letter expresses views that are worth discussing. The day I read the letter I met with Msgr. McGrath here at the Presidency. I suggested that we hold a meeting between the cabinet and the plenum of the Episcopal Conference. We are waiting for Msgr. McGrath to return from a spiritual retreat to agree on the details of the meeting. It is very likely that we will hold that meeting sometime within the next two weeks. [end recording]

Poll Shows 73 Percent Want Changes in FP

PA0808214190 Panama City LA PRENSA in Spanish 7 Aug 90 p 1-A

[Text] According to a poll taken by a reputable foreign firm, 73 percent of the Panamanian population believes the current Public Force (FP) needs change and over half of those polled are discontent with the FP because they fear that it may stage a coup.

Costa Rican enterprise Borge and Associates polled a total of 1,206 people throughout Panamanian territory. The statistical sample took into account population figures in each of the provinces in the country. It also took into account the national and provincial population figures by sex and age.

According to the results, "the FP and the Judicial Technical Police lack credibility, which is a very important component in any public institution."

As for the need for change in the FP, it can be seen that the widespread opinion in all social classes and groups polled—men (75 percent) and women (72 percent)—is that change is needed in the FP.

The poll results add: "The same situation can be found if one analyzes the data—according to the level of education of those polled—because it can be seen that at all levels, the opinion of those who believe there is a need for change in the FP exceeds 70 percent." This can also be observed in data compiled according to the age and income of those polled.

Those polled were also asked to give their opinion on the structure of the FP. Over half of those polled said that they disagree with it and also expressed fear that the FP may stage a coup. This is the opinion that prevailed, especially among those polled who have a high school, technical, or university education. This opinion is shared by citizens polled who are under 29 years old, because almost two-thirds of those polled think the FP could stage a coup. In addition, the poll shows that citizens

polled whose age ranges between 30 and 49 years old (53 percent) have a similar opinion. The same view is observed when one analyzes family income, because in all cases, the opinion on the possibility of a coup d'etat by the current FP exceeds 50 percent.

The preceding figures show that despite changes implemented by the Guillermo Endara Government upon the FP, such changes have not been enough to make the Panamanian population change their views on the role and attitude the FP may assume.

Another result highlighted in the poll is that one-fifth of those polled said that at times they fear the FP. About one-third (27 percent) said [PTJ Director] Leslie Loaiza is a government official who should be removed from his post.

The poll mentions that as for the FP (including the PTJ), "it seems there is a high level of distrust and skepticism among Panamanians. Moreover, a large number of citizens are unacquainted with the current FP organization, and for this reason the majority of those polled believe it needs changes." According to Borge and Associates, it does not seem that the perception of the population about the police has changed significantly. Instead, "it seems that the [FP] is viewed in a way similar to how the citizens have perceived the defense forces."

The report on the poll concludes that: "It corresponds to the government of President Endara to carry out changes in the organizational aspect, as well as in the area of communication to the public to improve the image."

Borge and Associates gained great international prestige because of the polls it conducted in Nicaragua, which forecast the electoral victory of Violeta Chamorro.

Finance Minister's Wife Explains Bomb Blast

PA0808162190 Panama City Radio KW Continente in Spanish 1520 GMT 8 Aug 90

[Telephone interview with Mrs. Gladys de Galindo, wife of Finance Minister Mario Galindo, in Panama City—live]

[Text] [Announcer] We have Mrs. Gladys de Galindo, the wife of Finance and Treasury Minister Mario Galindo, on the telephone. This morning a bomb exploded in your home in Altos del Golf. Can you tell us what happened?

[Mrs. Galindo] At about 0200 this morning we heard an explosion. At first, since the alarm went off, we thought it had been a transformer. However, when we went out, the guard shouted that a bomb had been placed on the rooftop. We went out through the back of the house and other guards arrived. My daughter woke up and came out through the front entrance. The windows that face the front on the side of the girls' bedroom were shattered. Thank God there was no problem.

[Announcer] In other words, it was on the roof of the house?

[Mrs. Galindo] No, it was not on the roof. That is what we thought at the beginning, because smoke was billowing toward the back, but it was in the front. My husband's bodyguard said it was a grenade. The guard on duty last night said it was a bomb that had been placed earlier. We really do not know.

[Announcer] Did anyone see any vehicle?

[Mrs. Galindo] The guard here said he did not, and the guard in the house in front said he did not either. I do not know. He said that 10 minutes earlier a suspicious vehicle had passed, but you know how it is, no one knows anything.

[Announcer] Is the PTJ [Judicial Technical Police] carrying out any investigation?

[Mrs. Galindo] Last night millions of policemen arrived, but today no one has come. Last night a thousand vehicles arrived in a second.

[Announcer] Was this at 0200 in the morning?

[Mrs. Galindo] Yes, at approximately 0200 in the morning.

[Announcer] Thank you for your statement Mrs. Galindo.

Argentina

Cavallo Comments on Sending Troops to Mideast

PY0808125690 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1216 GMT 8 Aug 90

[Excerpt] Buenos Aires, 8 Aug (NA) — Today Foreign Minister Domingo Cavallo did not reject the possibility that Argentina might send troops to the Middle East if there is "a concrete request" from the United Nations, and he stressed that the economic sanctions that the international forum has ordered against Iraq will be implemented "immediately."

Cavallo also announced that during the course of the day, the government will evaluate the "out of place" warning that was made yesterday by the Iraqi ambassador on the position adopted by Argentina, although he did say he considers it to "be another error within a chain of errors that is being committed by the Iraqi Government, the invasion of Kuwait being the most serious." [passage omitted]

Envoy in Saudi Arabia Reports on Situation

PY0808142090 Buenos Aires TELAM in Spanish 1244 GMT 8 Aug 90

[Text] Buenos Aires, 8 Aug (TELAM)—Argentine Ambassador to Kuwait Julio Uriburu French has said that "unfortunately" there are still Argentines in Kuwait who have as yet been unable to leave the country. He said, however, that it had been possible "to gather them all at the Spanish Embassy as refugees."

The ambassador said he tried to enter Kuwait, "but I was not allowed to pass despite the fact that at the Iraqi Embassy in Saudi Arabia, I took the necessary steps to be allowed to pass. The situation in Kuwait is very difficult and very complicated."

In statements to Radio Rivadavia, the ambassador said from Saudi Arabia that "the situation in Saudi Arabia is also quite difficult, especially in the eastern zone; that is, along the border with Kuwait, where there is a very important industrial city, (Yuvait), where there are 16 Argentine families whom I have asked to come to Riyadh, Arabia's capital, tomorrow."

Uriburu French said that "a hotel near the embassy has been prepared for them. All of them are fine and have no problems. We may be doing things a bit in advance, but we are calmly scheduling everything."

"I have just received phone calls from Argentines living in Dubai, which is an emirate. I also told them that I believe they should leave the area because it could eventually become part of the conflict. I said the same to Argentines living in Qatar. I believe they should leave the area for at least one week," he said.

As for the presence of Iraqi troops along the border with Arabia, the ambassador said that "an Argentine lady with three children who was able to leave Kuwait had a long talk with me. She confirmed the international news agency reports that more than 150,000 soldiers" have been deployed in the area.

The Argentine Ambassador recalled that "the Iraqi Army has one million soldiers who are ready for combat and who have 10 years of experience. It also has 500,000 reserve soldiers."

He denied reports on bombings in Baghdad, adding that "we are the only people with a communication channel—via telex—with our embassy in Baghdad. Counselor Rivarola, who is in charge of the embassy because the ambassador is in Buenos Aires, has said that there is no noise and there is great calmness."

Asked about the situation in Saudi Arabia, the ambassador said: "It is a very rich country that never imagined it could be engaged in a war. There are not many reports on the internal situation, but the people realize something is happening and they are withdrawing their money from the banks and exchanging it for dollars. The people are a bit nervous because they are not accustomed to this situation. It is the foreigners who have information on the situation who are concerned."

President Menem Returns From Colombia

PY0808145490 Buenos Aires TELAM in Spanish 1108 GMT 8 Aug 90

[Text] Buenos Aires, 8 Aug (TELAM)—President Carlos Menem returned to the country at 0752 [1052 GMT] from Colombia, where he participated in President Cesar Gaviria Trujillo's inaugural ceremonies.

The chief of state and his small entourage arrived at the Jorge Newbery Metropolitan Airport on board the presidential plane Tango 01.

Menem Comments on Iraqi Envoy's Warning

PY0808152290 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1332 GMT 8 Aug 90

[Excerpts] Buenos Aires, 8 Aug (NA)—President Carlos Menem has voiced the opinion that "only a stupid person can say that the 'no' vote (in the plebiscite on reform of the Buenos Aires Province constitution) was a vote against the economic policy." [passage omitted]

The president made some remarks at the metropolitan airport after returning from Bogota, where he participated in President Cesar Gaviria's inauguration. [passage omitted]

On the remarks of Taha Yasin al Basri [name as received], Iraqi ambassador to Argentina, who said that Argentina's position on the conflict between Iraq and Kuwait is "harmful," Menem said: "He has all the right in the world (to make statements) because he is in a country where there is every type of freedom and respect, especially toward the diplomatic sector."

"Messr. the Iraqi ambassador can make that kind of statement, but Argentina is going to comply—and that is just what it is doing—with the resolution issued by the United Nations." He added: "I do not see what the consequences can be because what Iraq has done is reprehensible; that is, changing the government and putting a liberation government, as they call it, into power."

Justifies U.S. Action in Mideast

PY0808174090 Buenos Aires Domestic Service in Spanish 1600 GMT 8 Aug 90

[Excerpts] President Carlos Menem arrived today from Colombia, where he attended President Cesar Gaviria Trujillo's inauguration yesterday. [passage omitted]

At the metropolitan airport, Dr. Menem commented on many current issues. [passage omitted]

The Persian Gulf conflict is a major issue that has made headlines in Buenos Aires newspapers over the past few days. In this regard and in connection with the U.S. Government's decisions on the situation in that region, the president said:

[Begin Menem recording] I believe the United States is complying with a UN Security Council resolution that seeks to end Iraqi aggression against Kuwait. This aggression has stirred the entire international community to such an extent that not a single country—except for two nations that abstained—supported the Iraqi attitude. [end recording]

As for the issues addressed in a meeting with U.S. Vice President Dan Quayle in Colombia yesterday, Menem said that the talks centered on the situation in the Persian Gulf, the UN resolution, and the decision by all the nations of the world, including Argentina, to accept the UN resolution and do everything necessary to comply with it. [passage omitted]

Government Conveys 'Displeasure' to Iraqi Envoy

PY0808223290 Buenos Aires TELAM in Spanish 2123 GMT 8 Aug 90

[Excerpt] Buenos Aires, 8 Aug (TELAM)—The Argentine Government today conveyed its displeasure over the terms of the communique released last night by the Iraqi Embassy, which issued a warning about the possible damage to Argentine interests in the Persian Gulf as a result of its having endorsed the UN decision to impose sanctions on Iraq.

The Argentine Foreign Ministry summoned Iraqi Ambassador Taha Yasin al-Basri [name as received], who said that his government did not mean to issue any threat.

Luis Alcon Balus, head of the Foreign Ministry's Department for Northern Africa and the Middle East, has reported that after hearing the Argentine Government's complaint, the Iraqi ambassador said the communique "was not intended to issue any threat against Argentina."

Alcon Balus said the Iraqi diplomat claimed there may have been a translation error from (?Arabic) into Spanish. [passage omitted]

Cavallo: No Troops Being Sent To Persian Gulf

PY0908003690 Buenos Aires TELAM in Spanish 2313 GMT 8 Aug 90

[Text] Buenos Aires, 8 Aug (TELAM)—Foreign Minister Domingo Cavallo tonight "flatly" denied a report on the alleged deployment of Argentine troops to the Persian Gulf in response to the Iraqi-Kuwaiti armed conflict.

In remarks to reporters at the foreign ministry, Cavallo said: "If the UN Security Council decides to create a peacekeeping force in the region, Argentina would consider that situation within its possibilities."

Cavallo said that this "is simply a theory because there has been no official notification by the United Nations about the creation of such a force."

Police Find Weapons, Explosives in Mendoza

PY0908015490 Buenos Aires DYN in Spanish 1528 GMT 8 Aug 90

[Text] Mendoza, 8 Aug (DYN)—Court sources have reported that the police found a large quantity of weapons, explosives, military uniforms, tents, and other items during an operation carried out at a house in this capital. A woman and an Army noncommissioned officer were also arrested.

Noncommissioned officer Juan Pablo Lopez, 52, and Argentine citizen Gloria Luisa Zucconi, 46, were arrested during the raid at No. 116, Block D of the "Soberania Nacional" neighborhood.

The police found eight boxes containing grenades and explosives, several uniforms with pistol holsters and cartridge clips, tents, binoculars, revolvers, small mattresses, maps, cans, saddles, ponchos, shovels, and other elements. All of them bore the name "Argentine Army."

According to the police, Lopez said: "I was going to deliver all these items to another comrade as soon as he retired."

The detainees and the confiscated items were placed at the disposal of Federal Judge Jorge Burad.

Weapons, Explosives Found In Punta Lara

PY0908002290 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1557 GMT 8 Aug 90

[Text] La Plata, 8 Aug (NA)—A large quantity of [words indistinct], grenades, ammunition, and plastic explosives were found in the past few hours in four houses in

the Ensenada district of the Punta Lara seaside resort during an investigation conducted by La Plata Federal Judge Alberto Duran, a former judge of the Lomas de Zamora criminal court.

The local morning newspaper EL DIA reported today that a large quantity of revolvers, pistols, guns, Spanish made MK-5 type grenades belonging to the Argentine Army, and 15 bags containing plastic explosives were found in four houses in Punta Lara. The newspaper did not provide the addresses of the houses.

Guillermo Daniel Romero, 28, and Carlos Idelfonso Cassetti, 38, were arrested during the operation. Sources close to Judge Duran's office have not ruled out the possibility that more people could be arrested in the next few hours.

According to EL DIA, Duran is reportedly investigating a possible involvement of one of the detainees with former Lieutenant Colonel Aldo Rico.

The judge began the investigation following a police investigation of vehicles documents. In the downtown area, Ensenada police arrested an individual who drove a 1966 Morris car which had been stolen in 1982. This incident led Judge Duran to raid the houses where the explosives were found. The procedures followed by the judge have not been disclosed.

Foreign Minister on Lifting of Bank Secrecy

PY0808220290 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1700 GMT 8 Aug 90

[Text] Buenos Aires, 8 Aug (NA)—Foreign Minister Domingo Cavallo has confirmed: "There are no negotiations with the United States aimed at lifting the secrecy of banking accounts owned by Argentines in that country."

Cavallo said: "Negotiations are under way to sign an agreement on exchange of information on tax matters, such as the ones signed by many countries with the United States. These are meant to bring seriousness to the management of a country's fiscal and tax matters."

Cavallo made remarks at the metropolitan airport upon his return from Colombia where he and President Menem attended President Cesar Gaviria's inauguration. He said Argentina is currently participating in multilateral negotiations aimed at "implementing an efficient system to fight against the laundering of narcodollars. He added that this fact will in no way lead to the direct lifting of the bank secrecy."

Report on Nuclear Projects, Privatization Plan

PY0808170990 Buenos Aires CLARIN in Spanish 5 Aug 90 Economic Supplement p 8

[Report by Ismael Bermudez]

[Text] With the imminent resumption of construction at the Atucha-2 nuclear power plant, the Heavy Water Industrial Plant, and the Pilcaniyeu uranium plant complex, there are hopes that the nuclear plan will free itself from its current bogged-down situation. Other projects, on the other hand, will suffer another three- to five-year delay. To the high cost of the frozen projects, one must add the obsolescence of the equipment and the expiration of their guarantees. There is a CNEA [National Atomic Energy Commission] initiative to operate and exploit nuclear power plants using private capital.

Construction at the Heavy Water Industrial Plant (PIAP) will be resumed within 20 days, the Atucha-2 project will be resumed within 40 days, and the expansion of the Pilcaniyeu complex will be resumed over the next few days.

Talking to CLARIN, [CNEA Chairman] Manuel Mondino announced that the CNEA has reached agreement with the Economy Ministry on the contributions for resuming these projects that have been delayed for a long time.

The CNEA chairman said that the construction of Atucha-2 by ENACE [Argentine Nuclear Enterprise for Electrical Power Plants], a CNEA-Siemens joint venture, began in 1981. Sixty-five percent of the project has been completed and there are now plans to complete another 10-percent by March 1991, he said. To this end, the appropriate funds have been released through a Finance Ministry contribution, CNEA bonds, and a Spanish loan of about $150 million that will be doubled when a German loan for the same amount becomes effective. With these funds, Mondino added, we will be able to resume the civil construction works and also the installation of 17,000 tons of components that are being kept in store.

The objective is to have Atucha-2 operational in 1995, eight years after its originally scheduled date.

Regarding the PIAP, which is located in Arroyito (Neuquen Province), 94 percent of the project has been completed and $136 million is required to complete it. It is now scheduled to become operational in 1992, although it was originally scheduled to begin operations on 15 December 1983. This is a priority project, Mondino said, because it will supply the heavy water required for Atucha-2, return the heavy water leased for the Embalse nuclear power plant, and accumulate a reserve stock [preceding word in English].

The expansion of the uranium enrichment plant that the CNEA is building at the Pilcaniyeu plant complex, 60 km from Bariloche, requires about $30 million, and it is scheduled for completion next year. According to the CNEA chairman, the operation of this plant will permit savings of up to $200 million in slightly enriched nuclear fuel for the three nuclear power plants in operation and under construction and meet export obligations.

We are concentrating our funds into completing these three half-finished construction projects because an

extremely high cost is involved in keeping them at a standstill, Mondino concluded.

* $2.9 Billion Trade Surplus Reported

90SM0183A Buenos Aires CLARIN in Spanish 27 Jun 90 p 7

[Text] In the first five months of this year, Argentina achieved a trade surplus of $2.925 billion, a 54.8-percent gain on the $1.888 billion surplus recorded in the same period of 1989.

This is the result of an 18.75-percent increase in exports, which totaled $4.415 billion, as well as a sharp drop (18.6 percent) in imports, which amounted to $1.49 billion in U.S. currency.

These results contrast with those of a very depressed period, the first five months of 1989, when the Spring Plan fell apart and the inflationary explosion ensued, with the dollar out of control.

In the case of exports, the growth is due exclusively to sales of primary products (up 78.4 percent) and manufactured goods derived from the farm sector (up 5.06 percent). Sales of manufactured goods in general (those with the highest value added) fell by 1.53 percent. Within the latter category, the greatest declines were seen in transportation materials, down 37 percent; chemicals, down 33.4 percent; and common metals, down 23.6 percent.

As for imports, the economy minister's figures, also for the first five months of the year, show a strong disinvestment trend. Thus, capital goods imports—machinery and equipment—shrank by 29.6 percent compared to the same period of 1989. Capital goods parts, in turn, fell by 23.6 percent, while nondurable consumer goods plunged by 37.2 percent. In this category, the only gains were posted by fuel purchases abroad, which climbed 20.7 percent.

Monthly Figures

Last month the trade surplus reached $543.7 million, which was lower than April's $617.1 million.

Although exports grew by 4.4 percent (with declining sales of primary products, especially the grain harvest), imports rose by 13.2 percent, primarily in terms of durable consumer goods (60.6 percent). This is directly related to the economic authorities' decision to open up the market.

Finally, when the May figures are compared with those of the same month last year (when hyperinflation was rampant), the surplus is slightly lower, $543.7 million compared to $556.8 million in 1989. Exports showed a very moderate increase of 2.51 percent, while imports dropped one percent.

* Economic Prospects for Second Half of 1990

90SM0183B Buenos Aires LA PRENSA in Spanish 24 Jun 90 p 1

[Report by Roberto H. Cachanosky]

[Text] When the second half of the year begins, Menem will be completing the first year of his presidential term, and he will have to face an economic situation that may not be as critical as the one he inherited, but is still marked by tremendous instability.

At the beginning of the second half, there will be a decline in the liquidation of foreign exchange earnings from exports, and as a result, the exchange market will see fewer dollars for sale at first. On the other hand, the collection of export duties will tend to fall at a time when this is one of the National Treasury's principal sources of revenue.

In addition, the wage situation in the public administration will become increasingly conflict-ridden, since this sector is lagging so far behind.

And finally, in September the economic emergency law expires, and if all the subsidies that are now suspended were to be restored, the Treasury would face a severe deficit.

One point in favor of the government is that it has revenues coming in from the privatizations and sales in the petroleum sector. Nevertheless, there can be no thought of a long-term stabilization plan based on one-time earnings, when the flow is negative.

In view of these circumstances, which I think the members of the economic team understand, the government knows it has to adopt urgent measures, because the present situation is very volatile and the second half of the year is already upon us.

Government officials also know that with interest rates at 20 percent a month, any revolution in production is unthinkable. This may be the problem that Erman Gonzalez has not yet been able to solve. The announcements that are normally made are aimed at generating confidence so as to induce people to keep more australes in their pockets, thus enabling the government to finance itself by issuing more currency. But the confidence that the government needs to work toward is the confidence that a country can generate in terms of investing in new factories, businesses, fields, etc. In other words, until we Argentines see a major influx of investment arising out of free competition, creating new sources of employment and boosting the productivity of the economy, any "stability" obtained on the exchange market or the goods market will be a precarious one indeed.

Opening

For this reason, it is worth emphasizing that opening up the economy as a simple threat to the private sector, when outbreaks of inflation occur, serves no useful

purpose. If the government continues to issue currency, no matter how much the economy is opened up, prices will continue to rise.

But it should be recalled that just as the public sector (at the national, provincial, and municipal levels) must make its own adjustment, there is a large part of the private sector that has yet to begin competing, and this is precisely the result of the opening.

We must not forget that anyone who needs protection needs it because he is less efficient than his competitors. Therefore, tariff protection has been one of the means by which the population's standard of living has fallen.

In addition, the decline in real wages is not caused exclusively by wasteful spending in the public sector. It also comes in response to the low level of productivity that many private businesses have, thanks to the protection they enjoy.

On the other hand, those who enjoy such production are constantly reminded that when the state protects them, it also protects other sectors. So the businessman who expected to make huge profits on his protected product has had to accept the protection of his suppliers, which means that the inputs he buys are more expensive and those great profits he initially expected are diluted.

To be sure, when public officials grant privileges, they are calculating that the benefit of the privilege will be concentrated among a few and its cost will be spread out over society as a whole. But when privileges become more widespread, the benefits are still concentrated, but the cost is added to the costs of other privileges, and the burden no longer goes unnoticed by society. All the members of society begin to demand compensation for the cost of other people's privileges, and the upshot is a tremendous squandering of resources. In this way, the individual who improves his relative position does not do so because of the efficiency of his work, but rather because of his ability to make sure he is first in line when the government hands out privileges.

Corruption

That is why it should come as no surprise that there are so many complaints of corruption these days. It is the system that generates all the alternatives to make corruption possible.

When public officials have no restraints on their behavior and can distribute the fruits of others' labor however they please, corruption is inevitable.

If a public official can enrich some and impoverish others, there is a cost for making sure one is first in line. If I get an official to include my products among the protected ones, I have no problem assuming a monetary cost, since that cost will be offset by the profits I make thanks to the lack of competition assured by the official who is in office at the time.

And the same is true of tax breaks, subsidized credit, and the distribution of the scarce goods produced by state enterprises.

In short, in a country where there are no limits on the behavior of public officials, corruption is the norm.

For this reason, the change that the president must make in the economy is not limited to combating inflation and making the productive apparatus more efficient. The change also involves laying new moral foundations on which society must work. Resistance to change comes not just from limited intelligence; the greatest resistance comes from the fact that a system of free competition will eliminate entirely or, failing that, at least substantially reduce the potential for corruption.

Bolivia

Capobianco To Ask Quayle for More Economic Aid

PY0808143090 La Paz La Red Panamericana in Spanish 1130 GMT 8 Aug 90

[Text] Interior Minister Guillermo Capobianco has warned that to prevent failures in the antidrug trafficking fight, the international community must cooperate financially with the implementation of the replacement crops program. He added that this cooperation must be effective soon.

The minister said that the Bolivian Government has complied with commitments to the international community. He explained that last year, Bolivia surpassed the objectives established for the eradication and replacement of coca plantations.

He said that, regarding drug seizures and the confiscation of drug traffickers' properties, the objectives established by Law 1008 have also been surpassed. He pointed out that, considering the results of the antidrug fight, we can say it has been a good year. Now is the time for the international community to fulfill the promises of support it made to the country.

The Bolivian economy cannot finance one more year of drug trafficking eradication and repression at the current pace. The interior minister said:

[Begin Capobianco recording] I believe our country's economy cannot keep up this pace for another year without a replacement crop program. I can tell you honestly that I am not proud to say we have arrested 775 people suspected of involvement in drug trafficking, and that more than 100 of them have already been tried. I am not proud of that, and it is painful to have to admit it. What we really want to do is eradicate the scourge and not flood our jails with drug traffickers, mostly because our jails are not in good condition. [end recording]

Minister Capobianco pointed out that the government will suggest to U.S. Vice President Dan Quayle that his government grant more economic support to the replacement crops program.

[Begin Capobianco recording] The positive aspect of the campaign launched by our government is that we can prove to the Unites States, Europe, and the rest of the world that we are fulfilling our part of the program. We can show that we have the political will to cooperate with the countries that are victims of this scourge and that it is now up to them to reciprocate our efforts and help us progress and give our people the possibility of living a decent life. [end recording]

Bomb Threat Before Quayle Visit Investigated

PY0808114090 Madrid EFE in Spanish 0517 GMT 8 Aug 90

[Excerpt] La Paz, 7 Aug (EFE)—Today an anonymous person threatened to place a bomb in a shopping center in the neighborhood of Government House in La Paz on the eve of U.S. Vice President Dan Quayle's arrival.

Colonel Dillman Guzman, firemen's unit commander, stressed that the anonymous caller said today that the bomb was going to explode in front of a shopping center located on one of the busiest streets in La Paz.

The firemen found a "suspicious" package there, but when it was opened there were no explosives in it.

A shopping center employee told EFE that the shopping center, the largest in La Paz, belongs to a Canadian consortium that has shopping centers in 172 countries and is also the owner of shoe factories. [passage omitted]

Troops To Guard Camiri Government Oil Premises

PY0808034890 La Paz Television Boliviana Network in Spanish 0030 GMT 8 Aug 90

[Text] Regarding the oil workers strike in Camiri, we have been told that Army troops have been deployed to the area to safeguard the YPFB (Bolivian Government Oil Deposits) premises.

[Begin unidentified speaker recording] The number of soldiers is the same as on 2 August. Only a few men have been deployed to the YPFB with the purpose of safeguarding the premises and of guaranteeing the entry of all those workers who wish to work. This is the only case where members of the Armed Forces have intervened, with the exception of a few members of the cavalry division who were mobilized on 2 August to lift a blockade in the Boyuibe sector and on one of the highways that goes to Santa Cruz in order to guarantee the free circulation of all vehicles. [end recording]

Brazil

Government Expects Mideast Crisis To End Soon

PY0908013490 Brasilia Domestic Service in Portuguese 2200 GMT 8 Aug 90

[Text] Itamaraty has admitted that Brazil will suffer some losses from the Iraq-Kuwait war.

Itamaraty spokesman Jose Vicente Pimentel expressed hopes the crisis will be overcome soon, as Brazil expects it will.

[Begin Pimentel recording] There will be eventual losses that we hope will not continue for long. The expectation is that the Iraq-Kuwait crisis will have a quick settlement. This is the wish of the international community, including Brazil. The eventual financial losses are compensated for by the political significance of the UN resolution, which is historic because it was approved with identical determination by the United States, the Soviet Union, and the PRC. [end recording]

Central Bank Suspends Transfers to Iraq, Kuwait

PY0908030290 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 8 Aug 90

[Text] The Central Bank today banned any financial transfer from Brazil to Iraq and Kuwait. The measure was adopted in the wake of the economic blockade adopted by a UN resolution. It is directed at the companies that do business with both countries and the Brazilians who reside there. Funds will not be transferred to those two countries as long as the UN-imposed blockade of Iraq lasts.

Economy Minister Satisfied With Inflation Drop

PY0808165390 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 8 Aug 90

[Text] The government is rejoicing over the drop in the inflation rate in July, and Economy Minister Zelia Cardoso de Mello has given assurances that the Persian Gulf crisis will not cause the inflation rate to grow in the short term.

The Sao Paulo Economic Research Institute Foundation has reported that the inflation rate reached 7.27 percent in July. This rate, which is the end-of-month comparative index, reflects the average fluctuation of prices between the fourth week of July and the fourth week of June. Minister Cardoso de Mello has said that this index actually reflects the inflation rate of July. She said she is satisfied with the index because it reflects a drop in the inflation rate. The last index calculated by the Foundation was 8.4 percent.

[Begin recording] [Cardoso de Mello] The end-of-month comparative index reflects fluctuations much more quickly. The most recent indexes are 10.8, 10.5, 10.4,

10.4, 8.4, and 7.27. This shows the inflation rate drop and the stabilization that we were trying to attain. I am completely satisfied.

[Unidentified reporter] [Question indistinct]?

[Cardoso de Mello] I have said that I do not want to make predictions. I believe, however, that probably-....[changes thought pattern] and now I will again refer to the indexes—that is, I will take the figures of this past week, during which prices grew by 0.6 percent. This is very small. If we make a monthly projection on the basis of this rate, we will have a very small rate in August. [end recording]

As for the effects on the Brazilian economy of the oil crisis produced by the Iraqi invasion of Kuwait, Minister Cardoso said that she would rather give an opinion later, because it is still early to say what might happen to the Brazilian economy. She stressed, however, that the oil crisis will not affect the inflation rate in the very short term, and she confirmed that the Brazilian Government is not planning to increase fuel prices in the next few days.

Foreign Minister Rezek Discusses European Ties

LD0808085290 Budapest MTI in English 0652 GMT 8 Aug 90

[Text] Brasilia, August 8 (MTI)—Brazil intends to build its relation with Hungary both bilaterally and in the framework of the European Community, and counts on the fact that the new Hungarian Government will not forget Latin America amidst its Western European orientation, said Brazilian Foreign Minister Francisco Rezek, in Brasilia on Wednesday [8 August].

In an interview granted to MTI's correspondent in South America the Brazilian foreign minister voiced his opinion that East Europe should not be treated as a separate region, rather as a part of Europe, as Hungary and Czechoslovakia will join the European Community rather quickly, and Bulgaria later on. Mr. Rezek held it natural that Hungary is re-grouping its limited financial means from South America to Europe, however, he said the new Brazilian Government has great confidence in upholding, and even developing the level of Hungarian-Brazilian relations. Mr. Rezek appreciated the role of Hungarians living in Brazil as a "bridge".

Mr. Rezek said Latin America and East Europe could build relations on bilateral and regional integration bases. He outlined the latter form as cooperation between the European Communities and the South American common market planned for the end of 1994. The South American community resting on an Argentinian-Brazilian axis will include Uruguay, Paraguay and, possibly, Chile.

Discussing Cuba, the Brazilian foreign minister said: "Fidel Castro is not Ceausescu", and deserves to leave office in a worthy way. The Cuban issue should be handled in a very cautious and wise manner, Mr. Rezek said. "It could hardly be acceptable were the fate of Cuba to be decided by Cubans living in exile in Florida. Serious consequences could come about if the transition is accompanied by shocks and if others were to profit from the situation to come about", he added.

According to Mr. Rezek, events in Cuba will not be similar to those in Romania. Irrespective of how dissatisfied they are, the Cubans do not hate the system as was the case in Romania, and the armed forces are disciplined and well equipped. Mr. Rezek termed it important that the Soviet Union no longer accepts a patronage over Cuba, and that Cuba wants to open towards the world, although it does this at a slower pace than East European [as received].

Mr. Rezek said the war in Iraq also indicates that, although there are exceptions to the rules of detente, these are peripherical occurances, which are unanimously condemend by all.

Colombian President Seeks More Bilateral Trade

PY0908013290 Brasilia Domestic Service in Portuguese 2200 GMT 8 Aug 90

[Text] Colombia wants to increase trade with Brazil. This decision was communicated today by new Colombian President Cesar Gaviria to Brazilian Vice President Itamar Franco.

Cesar Gaviria, who was inaugurated yesterday as Colombia's new president, thanked Itamar Franco for coming to Bogota and told him that he wants to visit Brazil. Gaviria also talked with Itamar Franco about coffee production, exports, and preservation of the Amazon region. He believes that region's preservation should be jointly enforced by Brazil, Venezuela, and Colombia.

Gaviria also said that he will ask the Venezuelan President to have a meeting to discuss this matter among the three countries.

Liberians Visit Military Equipment Factories

PY0808165490 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Aug 90 p A 10

[Report by Roberto Lopes]

[Text] The Liberian Government is interested in Brazilian-made armaments. During the second week of June, businessman Mike Lu, 42, president of the Siteltra Company of Sao Paulo—which supplies radio equipment to the Brazilian Army—received information that a Liberian delegation was in Brazil. Lu concentrated his investigations on Rio de Janeiro and found out that the Liberians had visited some military equipment factories, but that they had left Brazil.

The Liberian delegation was granted permission by the Army to visit the FMCE [expansion unknown] communications equipment factory owned by ImbeL [War Materiel Industry], a holding group of Army companies.

The FMCE factory is located in the Caju neighborhood, in the northern part of Rio de Janeiro. A military source contacted by FOLHA said that in addition to field radios, the Liberians were looking for portable arms—rifles and machine guns—but it could not say whether orders were placed.

The Liberian Army is one of the smallest in Africa. Its only reconnaissance squadron is equipped with a curious assortment of World War II cannons, 122-mm Soviet cannons, Swiss vehicles, and Mowag Piranha 10-wheeled armored vehicles. There is no information on the existence of Brazilian-made weapons in the Liberian Army.

Dollar Reserves at Highest Level Since 1985

PY0808160590 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 8 Aug 90

[All figures as heard]

[Text] Brazilian exchange reserves have increased. In June, reserves stood at their highest level since 1985. The Central Bank has reported that Brazilian exchange reserves, that is the available cash dollar reserves, reached $7,786,000,000 in June. This figure is 2.64 percent higher than the level in May, and compared with last year, reserves are 40 percent higher.

The report reflects the efforts that the government has made to maintain reserves at a stable level, avoiding an indiscriminate drain of dollars.

The Central Bank has already adopted several measures to protect the reserves. Among such measures is the gradual release of dollars to multinational companies. These dollars can can be remitted abroad as trading profits.

However, the suspension of payments on the interest on the foreign debt has been the main factor for maintaining a reasonable level of reserves. Payments to creditor banks and to the Paris Club were discontinued last year. Now that Brazil is getting ready to renegotiate its debt, the level of reserves plays an even more important role because it will be one of the variables to be considered by the IMF. In this Brazil has an advantage because the level of reserves in June is the highest since 1985. Between March and August 1990 reserves have grown by 44 percent.

Government To Sue Sao Paulo Newspaper

PY0808162190 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 8 Aug 90

[Text] Justice Minister Bernardo Cabral has asked Attorney General Aristides Junqueira to file a lawsuit against the newspaper FOLHA DE SAO PAULO. The minister claimed that the newspaper published reports that seek to damage the image of the president.

Our correspondent (George Bamburger) filed this report:

The case concerns reports published as of 27 July about a decision to dispense with the call for bids for an advertising campaign for a new Petrobras [Brazilian Petroleum Corporation] oil product. The newspaper claims that, on direct orders from President Fernando Collor, the campaign was awarded to the Belo Horizonte September Communication company, which handled the advertising of Collor's presidential campaign.

The newspaper said that the decision violated Decree 99296, which was signed by President Collor in 2 June. This decree sets forth that whenever public organizations have to contract advertising consultants, they should call for bids. The newspaper has reported that the government will pay 212,000,000 cruzeiros for the campaign.

After mentioning several FOLHA DE SAO PAULO reports in which the president is charged with having dispensed with the call for bids, the Justice Minister stated that the newspaper has abused the exercise of freedom of expression and information, and that this abuse must be punished. He therefore asked the Attorney General to take penal action against those responsible for committing crimes against the honor of the president. The director of the newspaper is Otavio Frias Filho.

Plan To Kidnap Collor's Sons Discovered

PY0908004890 Brasilia Domestic Service in Portuguese 2200 GMT 8 Aug 90

[Text] The Rio de Janeiro Federal Police superintendent has confirmed a plan prepared by the Red Command to kidnap the sons of President Fernando Collor de Mello.

The kidnapping was being prepared by Maurinho Branco who was killed yesterday in downtown Rio de Janeiro. The Federal Police superintendent presented to the press a map found in possession of kidnapper Maurinho Branco. The map, drawn in pencil, shows the route habitually used by the sons of the President to go from their grandfather's residence on Almirante Alexandrino Street in Santa Teresa, downtown Rio de Janeiro, to the school they attend on the same street.

The Federal Police started to investigate Maurinho Branco on instructions from the Brasilia Federal Police General Directorate which had information that the Red Command was preparing to kidnap Arnon Afonso and Joaquim Pedro [President Collor's sons] in order to demand the release of the organization's main leaders who are now in custody at the maximum security prison, Bangu 1.

The Red Command organization also wanted to demand that the country's main newspaper publish a manifesto denouncing mistreatments in the Rio de Janeiro prison.

Retired Military Men Involved in Politics

PY0808191190 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 Aug 90 p 6

[Report by Eliane Sobral]

[Text] Brasilia—The military men are beginning to organize themselves for 1991. They are beginning a struggle for better salaries, more expeditious promotion of enlisted men, and to discuss issues like an increase in the pensions of officers' widows. However, as they are legally banned from expressing themselves or from joining trade union organizations within the barracks, they have decided to defend their position by winning an elective post in the 3 October elections.

Officially, only the Navy Ministry knows the number of Navy personnel that are candidates—there are in fact seven. Unofficially, however, there are reports that at least five military men will run for Chamber of Deputies seats, 13 for Legislative Assembly seats, and two for seats in the Brasilia District Assembly. The PDC [Christian Democratic Party] is the favorite choice of the candidates—most of them are PDC members—followed by the PL [Liberal Party] and the PDS [Social Democratic Party].

There are controversial candidates who are already known among civilians and who want to bring their discussions to Brasilia. For example, Jair Bolsonaro, 35, is a former Army captain and currently a PDC councilman in Rio de Janeiro. Bolsonaro is married and has three children. Bolsonaro hit the news in 1986 when he protested over the salaries of military men in a report published by the magazine VEJA—and he was punished with a 15-day imprisonment for publicly discussing political matters. The following year he again hit the headlines of the same magazine over salaries and also when he said that he was prepared to detonate bombs in several barracks.

If he manages to be elected, the former captain will cease to earn 260,000 cruzeiros a month as a councilman and will receive the federal deputy's salary of more than 600,000 cruzeiros. This will be in addition to his 60,000-cruzeiro salary as a reserve military man. Birth control is his main political platform in his bid to win a seat in the Chamber of Deputies. The candidate believes that only through family planning will Brazilian society be able to receive better assistance from the state. Bolsonaro has at least one point in common with the other candidates from the barracks: He insists that he had nothing to do with the repression during the military dictatorship.

Enio Maia Chagas, a retired Army colonel and a federal deputy candidate for the Parana State PL, guarantees: "I am astonished by the reports of torture during that time because I never participated in anything or saw anything." Maia recently underwent surgery when he received two saphena bridges 10 days ago. Maia wants to discuss in Congress the issue of public health in Brazil and champion better salaries for the military men as well as the full payment of pensions in case of death. "This is established in the Constitution, but it has never been regulated," he protests, adding that if he died today his wife would collect 40,000 cruzeiros a month when she should really collect the full 130,000-cruzeiro colonel's salary.

The platform of Captain Jony de Vagas Beato, 37, is similar. Three months ago he asked for his retirement from the Brazilian Air Force (FAB) to run as a PDC deputy candidate for Rio de Janeiro State.

Second Lieutenant Rui Telles is a Federal District PDS candidate for a seat in the Chamber of Deputies. He believes that he will only manage to be elected through the votes of the "family of military men" although he insists that he will work for culture and for sports. Telles is the president—on leave of absence—of the Association of Reserve Military Men [Associacao dos Militares da Reserva] (Asmir). He has already become well known in Brasilia over the large number of expressions of support he is receiving because he is promoting better salaries for the troops. He even believes that he can modernize the Armed Forces structure. "I endorse discipline and respect for the hierarchy, but we cannot permit the structure to become archaic," Telles said.

Walter Bazarov, an Army reserve colonel and a federal deputy candidate for the Rio Grande do Sul State, PL, is another champion of hierarchy and discipline. He was also retired from the Army for demanding better salaries. Bazarov is the only military candidate who admits that he was a supporter of the 1964 Military Movement. "We never participated in any political action that did not receive popular support," he noted. Bazarov is also the only one who supports the government of Fernando Collor de Mello.

All the uniformed candidates voted for Collor in the second round of the presidential elections, Bazarov said, and today most of them claim at least to be annoyed, if not discontent. "I am disappointed," Rui Telles said. "I will not engage in concrete opposition, but I also will not be flexible if the government goes against the people," Bolsonaro announced.

Chile

Sale of Materiel to Iraq, Kuwait Forbidden

PY0808173990 Santiago Radio Chilena Network in Spanish 1700 GMT 8 Aug 90

[Text] A Foreign Ministry communique released this morning states that the government has drafted a supreme decree forbidding the sale or supply of weapons or any other materiel to Iraq or Kuwait. The communique continues: Chile thus complies with the measures agreed by the UN Security Council. Resolution 661 was adopted by the Council on 6 August. It recalls the international laws being enforced.

The Foreign Ministry communique reaffirms the Chilean Government point of view that the Iraqi invasion harms the principle of harmonious coexistence among nations and asserts that the Security Council resolution fully expresses the feelings of the Chilean Government over this sensitive matter. The communique insists that the occupation of Kuwait must end soon and that the sovereignty, independence, and territorial integrity of Kuwait be reestablished, thus reasserting the need to respect the principle of peaceful and civilized coexistence among nations.

Source of Foreign Enterprise Capital Investigated

PY0808215490 Santiago EL MERCURIO in Spanish 1 Aug 90 p C1, C8

[Excerpt] Members of the Carabineros OS-7 squads are trying to determine the origin of the capital of more than 50 varied enterprises established during the past few months in northern Chile and in Concepcion by Colombian citizens who are believed to be involved in the laundering of money obtained from drug trafficking.

This information was given to EL MERCURIO yesterday by the group of high ranking officers of the Narcotics Division in charge of the investigation, who said that most suspect enterprises are fishing or food industries. They added that due to its characteristics, Chile is a potential "investment paradise" for drug traffickers. [passage omitted]

The members of the Narcotics Division noted that "the problem of a possible invasion of drug traffickers into Chile is a priority issue" and admitted that the task they have been entrusted with is urgent. [passage omitted]

They also noted that when Chileans need to launder money they resort to transnational enterprises that export capital to create apparently legal enterprises. Some legal enterprises that need new capital also contribute to money laundering." [quotation marks as published] [passage omitted]

* Communist Party Status, Problems Analyzed

90SM0180B Santiago EL MERCURIO in Spanish 1 Jul 90 pp 3-d, 4-d

[Article by Blanca Arthur]

[Text] The situation within the Communist Party is so complicated that not even the Communists themselves can understand it.

What can be seen is a crisis that for the first time has been made public with the resignation of two prominent party members (Augusto Samaniego and Manuel Fernando Contreras) from the Central Committee, and with the controversial Luis Guastavino, leader of the party for so many years, in the eye of the hurricane.

That is the most recent development that is known to the public.

These are symptoms of an internal dispute, but in no way do they suggest that the PC [Communist Party] is on the verge of a rupture or a drastic change.

The results of those 16,000 hours of debate among the Communists at the National Congress that culminated a month ago indicate that little has changed, and that a few minority voices have tried to bring the discussion out of the catacombs.

The Chilean Communist Party is and will always be...the same old party.

A stronger one? The signs point in the opposite direction. For example, only 2.8 percent of the population identifies with this party, and the election results were no more promising: not a single representative elected to Congress.

History has proven, however, that Communists win more influence through their actions than their numbers.

And today's circumstances may offer one more opportunity to prove that, because the confirmation of all of their revolutionary theses may pose an obstacle to the consolidation of democracy.

At La Moneda, at least, people are worried.

Explosive Climate

All things considered, what has had the greatest impact is the climate surrounding the conference, which PC journalist Jose Miguel Varas described as "public explosions that are unusual for a party that has traditionally been characterized by strict discipline and an external front projecting a monolithic image."

To some extent, these explosions began after the 15th Congress was held just one year ago. Although the Central Directorate maintains that the congress "was and continues to be a milestone in the long process of renewal...," for some leaders its conclusions did not exactly demonstrate a spirit of renewal.

The first desertions had come earlier, when a group signed the document known as the "Manifesto for Democracy and Socialism." The authors of the document criticized the recent policies of the PC and endorsed the electoral strategy that the rest of the opposition had pursued for the 1988 plebiscite.

They were just the beginning. When the 15th Congress reaffirmed the entire revolutionary line and validated the thesis of the popular rebellion and "all forms of struggle," just when the "real socialisms" of East Europe were beginning to fall, there were new...explosions.

There were internal disagreements. The result: a call for a process of discussion that would culminate in the recent National Conference. And that was done, but according the general secretary of the PC, Volodia Teitelboim, who was elected at that Congress, the discussion took place in the traditional pyramidal system of cell assemblies, which

named representatives to the 204 local committees and then to the 43 regional conferences.

The system was not considered democratic by very many people. And then came ...new explosions. The strongest one was set off by Patricio Hales, who called for the resignation of all the leaders and for the right of each person to elect and be elected. The result, however, was the resignation of Hales himself and seven other prominent party members. When they left, they told Volodia "to bring about the modification of this monolithic, authoritarian, dogmatic, and closed party."

As far as the Central Directorate was concerned, none of these demands for greater internal democracy would change the way it conducted debates. Central Committee member Guillermo Scherping merely acknowledged the departure of Hales and his group, declaring that he regarded it as "symptomatic for a situation of this nature to arise in the middle of the development of an open, democratic discussion and great debate in the PC, which is what its conference is."

The path seemed to have been clearly defined at that point. The regional conference in Valparaiso decided to expel United Labor Federation (CUT) leader Alejandro Valenzuela, who had stated weeks earlier that the PC should "abandon dogmas that have done it so much harm, such as democratic centralism, the dictatorship of the proletariat, or the single party."

During those days the PC Directorate also admonished Luis Guastavino and Augusto Samaniego for questioning the lack of democratic discussion.

Question of Methodology

It was in that climate of dissent that the culmination of the conference came, when the top leaders reached their accords between 30 May and 2 June.

The outcome? One result was the resignation from the Central Committee of the intellectual Augusto Samaniego and of another longstanding PC leader, Manuel Fernando Contreras. The two had advocated at a Central Committee plenum the same idea put forth by Hales' group: that because of the magnitude of the problems involved in the crisis of socialism, the national situation, and the internal dilemma within the PC, a special congress should be held.

They were ignored, and they resigned from the Central Committee. But they did not quit the party. In their cases, as Contreras himself admitted, "the reasons are more complex than ideological disagreements."

The truth is that the two leaders' criticism was aimed more at the methods of discussion, the centralist nature of the party, and the lack of internal democracy and participation. These shortcomings, according to Contreras, have led "many people to leave the PC even though they consider themselves Communists, because they do not agree with the methodology of internal party life."

In other words, they—unlike the "Manifesto" and Hales groups—had no ideological criticism that caused them to stray from Marxism-Leninism, or from the policy of popular rebellion that the PC has promoted recently and has ratified again. What they wanted was a more comprehensive and open discussion.

Different from the rest is the critical perspective of Luis Guastavino. In the first place, he had already lost his post on the Central Committee a year earlier, so he had no forum in which to express his opinions, especially after his defeat as a candidate for the Senate. Nor was he invited to participate in the conference. But he decided to take a gamble and send in a document outlining his position, in the hope that it would be analyzed.

Things went badly for him. He himself admits that the document may not even have been discussed. And he decided against remaining silent, expressing his criticism publicly on a program on National Television.

There he hinted that he objects to both the lack of internal democracy in the party and the political strategy pursued in recent years. "We in the PC were wrong in our assessment of the situation in Chile, because we did not grasp the real state of mind of the people from 1986 on," he said on that occasion. He confirmed this stance several days later when he said that in the PC there was a "need for self-criticism, for revision and analysis of what happened in the 1980s."

And what unleashed the ensuing earthquake was precisely his recognition of the PC's responsibility for the actions of the Manuel Rodriguez Front (FMR), when he indicated that although they were now autonomous organizations, "it would be absurd to say that we do not feel responsible for what has occurred in them." Then, although he asserted that the FMR subscribed to the party's policies and had always been viewed favorably, he maintained that "the recent attacks benefit those who are nostalgic for the Pinochet dictatorship."

The accusation was aimed directly at the FMR, which decided to fire its own shots. In a violent declaration, it retorted that "the combatants of the FMR who have fought for liberty and democracy are disappointed and offended by your opinion." It added that "you do not spend your time listening to the victims of fascism. You would rather devote yourself to poisoning the soul of revolutionaries, to damaging their unity...."

This response, which probably came from what is known as the "front-party," focused more on the true line of the current PC Directorate than on Guastavino's positions when it said that the current role of the PC, "is to strive for the success of the Aylwin government."

Indeed, there were rumors that sanctions would be forthcoming. But that did not happen, and instead, the party leadership responded in a lengthy document that disproved each one of the FMR's assertions and could be regarded as a veritable "Communist credo."

Old Lines, New Tactics

The concepts put forth there are a reflection of the conclusions reached at the aforementioned conference.

Although it is not easy to sum up that entire Marxist dialectic in a written report, basically the PC is confirming its revolutionary policy to achieve "the socialist goal." It is also reiterating its choice for all forms of struggle, in addition to its Marxist-Leninist stance.

None of this is new. And since there are no ideological changes, the essence of its conclusions points to the tactic for the period to come, in which the legalization process begun in March is emphasized as a means of occupying all legal positions "to strengthen contact with the masses."

That is what they really believe is important for the achievement of their objectives, as they claim that "in keeping with a conduct of constructive, active, and critical independence, we will struggle for popular protagonism, for the reformation of a left that is aware of its own strength and of its historic responsibility."

In the words of PC leader Gladys Marin, who is said to be the one who really pulls the strings in the party, "there has not been enough awareness that for the advancement of democracy it is necessary to mobilize the people."

How? It is impossible for them to contemplate the success of the process without taking into consideration the struggle that has been waged since 1980, especially between 1980 and 1986. This includes the use of all forms of struggle, as asserted by Political Commission member Lautaro Carmona with reference to the FMR: "It is a highly democratic contribution to the struggle of our people, and it also made its contribution to the new political situation in which we now find ourselves."

In other words, he admitted that the military policy was already incorporated into the PC, because "it allows us to be prepared for whatever forms the struggle might take, including the most extreme forms of violence."

For the time being, however, they believe—as Carmona went on to say—that extremist actions are "out of context and therefore do not contribute to the deepening of democracy."

In any case, the tactics it has chosen are a function of its policy toward the transition, in which it is at a critical juncture.

The dilemma between "continuism and democracy" is still present, as far as the PC is concerned, and it contends that the dilemma will not be resolved without "the participation of the masses."

As examples, Communists cite the failure of the "model agreements," both the one related to the so-called "Cumplido laws" and the one involving the reform of labor legislation. In both cases, they have opposed the consolidation of the agreements because they bitterly criticize what they call "the misnamed 'democracy of the agreements,' which is no such thing; it is restricted to a few sectors, and does not take into account the whole of Chilean society."

In concrete terms, the Communists assert that they reject any role of stabilizing or simply supporting a democracy that does not conform to their line, because they consider it merely reformist.

Government's View

The outcome of this process of "discussion" among the Communists has not surprised government officials, because they were sure that it would turn out this way and that a harder line would be imposed.

They are worried, however, about the way this line may be pursued. "We don't expect them to change, but we are interested in the political position they adopt," said Ignacio Walker, chief of political relations in the General Secretariat of the Presidency.

For the men at La Moneda, the key is for them to take the legal option, and for that reason, Walker added, "what we ask of them and demand of them is that they behave within the limits of institutionality and the Constitution."

That is why at the various meetings they have had with Communist leaders, they have tried to encourage them in their legalization process. Even when this process began, Interior Minister Enrique Krauss himself reportedly called PC leader Jose Sanfuentes to discuss the issue.

The doubt lies in how far they think their powers of persuasion will go. At the General Secretariat of the Presidency, where possible political scenarios are analyzed, there is no clear idea of the dynamics of the tactics that have been chosen. The problem, moreover, arises out of the fact that they have confirmed that there is a definite military component in their policy.

In Walker's words, the risk is that "by readjusting the popular rebellion of the masses, they will fall into a social mobilization process and activate social demands beyond the resources that are available to meet them."

The possibility of public order problems arising out of this situation has not been ruled out. In Walker's view, the greater danger that it might lead to a situation of agitation "and in fact to a possible convergence with the most extreme left" is already present. This is because although the Communists may have their differences with groups such as the autonomous FMR, Lautaro, or the Movement of the Revolutionary Left (MIR), "this gives them room to take action, and there comes a time when no one knows who is who or what each one is doing."

The analysts at La Moneda are worried that, in one way or another, there may be a repetition of the phenomenon of 1983 when the strategy of peaceful social mobilization, promoted at that time by the opposition, was destroyed by violence, "leading to a climate of repression and confrontation."

Since they warn that they cannot repeat it in the same terms, the greater risk, then, is that they may disturb the transition. "The government has a vital interest in institutionalizing conflicts, but if there is any institutional eruption, that will affect the impression of political stability."

Areas of Conflict

This analysis is taken further with examples. A key problem is that of human rights, which the government believes must be channeled through the Truth and Reconciliation Commission and the "model agreement" on the Cumplido laws, while the PC is advocating truth and punishment.

And the situation is repeated in all areas where there are conflicts. Another major position of the PC is that General Pinochet must resign as commander in chief of the Army; the government has settled this situation by respecting his constitutional right to retain that office.

The two cases, from the government's point of view, merely serve to exacerbate the problem of civilian-military relations, which is one of the top-priority issues it is striving to resolve.

Another source of tension that may arise, the government suspects, is on the labor front. It can already be seen that the Communists are willing to oppose, with the forces they have mustered in the CUT, any agreement that has the consent of the business sector—which is what the government is seeking—so that they can then mobilize in support of any demands that are not satisfied.

Another area of concern is the ties the Chilean PC may have with Cuba, for example, where Volodia and Gladys Marin traveled recently. Hence the government's caution in restoring diplomatic relations with that country. The reason is the same problem as always: the ambiguity regarding the strategy of the military policy.

The situation would thus appear to be rather bleak. But is it?

One hope emerged after the Guastavino episode. La Moneda officials think it is important that rather than sanctioning him as it had threatened, the PC decided to respond with arguments, even though it did discredit him.

But what can this mean in concrete terms for government analysts? That the PC is becoming aware that its authoritarian, defiant policy is not attracting support. Proof of this is the backing that prominent party members gave the controversial leader after he was attacked by the FMR.

Put in another way, the government hopes that in fact Guastavino's position represents more what is called the "communist culture." Because at least there, officials can see the possibility of imposing the line of legalization above that of mobilization and rebellion, which could prevent the PC from jeopardizing democracy again.

Paraguay

Cabinet Resigns En Masse for Reorganization

PY0808223590 Asuncion ULTIMA HORA in Spanish 8 Aug 90 p 13

[Text] A reliable source has informed ULTIMA HORA that the entire Cabinet has placed its resignation at the disposal of President General Andres Rodriguez to allow him to reorganize the executive branch and thus meet the country's needs and adjust to the current political situation.

According to the information obtained, the secretaries of state made this decision in view of President Rodriguez' announcement last week that the executive branch would undergo some changes by 15 August.

According to the source, within the next few days President Rodriguez will replace Agriculture and Livestock Minister Hernando Bertoni, who is currently recovering from surgery; Education Minister Dionisio Gonzalez Torres; and Minister Without Portfolio Juan Ramon Chavez.

Enrique Riera, currently the president of the Paraguayan Rural Association, is mentioned as the most likely replacement for Bertoni; Carlos Romero Pereira is also mentioned as a candidate for this post.

Julio Cesar Frutos, current president of the Chamber of Deputies Education, Culture, and Worship Commission, is mentioned as the possible choice of education minister.

As for the minister without portfolio, it has been stated that this post will be eliminated, taking into account that part of this ministry's budget is already being used in other areas.

Regarding the decision to resign, it should be pointed out that this is the second time they have adopted this measure to give President Rodriguez freedom to reorganize his Cabinet.

Minister Terms Envoy's Statement As Erroneous

PY0908005490 Asuncion ABC COLOR in Spanish 8 Aug 90 p 10

[Excerpts] Last night Defense Minister General Juan Angel Souto termed as erroneous the statement made by Belgian Ambassador Roger Tyberghein, who indirectly charged Paraguayan Air Lines (LAP) with being involved in drug trafficking in Brussels. [passage omitted]

Souto Hernandez said that LAP flights to Brussels are the most controlled ones. "I think it was just a matter of language with the ambassador. That was obviously a mistake," he added.

Peru

Quayle Arrives for Meeting With Fujimori

PA0808125590 Lima Panamericana Television Network in Spanish 1214 GMT 8 Aug 90

[Text] U.S. Vice President Dan Quayle arrived in Peru last night. The plane bringing him from Colombia arrived at Lima's airport at 2130. He traveled by helicopter to the national stadium field, and from there by automobile to the U.S. ambassador's residence.

Quayle will remain in Lima for 17 hours during which he will meet with President Fujimori. According to his official agenda, he will arrive at the government palace at 1055. The meeting with the Peruvian president will last approximately one hour, and afterwards Quayle will hold a news conference at the Tupac Amaru room.

Government Declares State of Emergency

PA0808152790 Lima Radio Programas del Peru in Spanish 1800 GMT 7 Aug 90

[Text] The Peruvian Interior Ministry has declared 11 Peruvian provinces in a state of emergency beginning 7 August. The state of emergency has been declared for 30 days. The measure was decreed to maintain public order in those areas.

A decree published in the government newspaper stated that the Armed Forces will be responsible for the internal control of the cities of Arequipa, Cuzco, Puno, Piura, Trujillo, Chiclayo, Mainas, Huaras, Chimbote, Lima, and Callao.

Cabinet Plans Public Order Measures

PA0808131790 Lima Panamericana Television Network in Spanish 1220 GMT 8 Aug 90

[Text] The Cabinet met last night in a special session of the Council of Ministers. The meeting was headed by President Alberto Fujimori. The main topic was the speech that Prime Minister Juan Carlos Hurtado Miller will deliver to the country today. They also decided on the plan for immediate actions to maintain public order after the speech to the nation.

Meanwhile, it has been said there are no disagreements within the Cabinet.

[Begin Energy and Mines Minister Fernando Sanchez Albavera recording] There is no disagreement. I think for the first time we have an economic team which is using sound arguments. We basically discussed the operational, but not the conceptual, aspects of the program. I would like to point out that there is no disagreement on this topic in the Council of Ministers. [end recording]

Navy Communique Denies Rumors of Unrest

PY0808204490 Lima Television Peruana in Spanish 1800 GMT 8 Aug 90

[Text] Peruvian Navy Official communique No. 01690. The Ministry of the Navy, through the Peruvian Navy, reports the following to the citizenry: Several media have disseminated in the past weeks reports and commentaries about alleged unrest within the Peruvian Navy in relation to the constitutional Government and the rule of law. Regarding these facts, the Navy considers it is timely to tell the public: A) The Peruvian Navy is an indissoluble part of the Armed Forces. B) The Peruvian Navy has traditionally respected the Constitution and the laws throughout Peruvian history. C) The rumors that are being disseminated are unfounded and they are totally untrue, given that the Peruvian Navy carries out its activities within an atmosphere of complete normality.

2. [number as heard] The Peruvian Navy calls on the citizenry and the media to reject all rumors contrary to the facts we have just reported.

Lima, 7 August 1990. Navy Information Department.

Hurtado Addresses Nation on Economic Measures

PY0908030890 Lima Television Peruana in Spanish 0200 GMT 9 Aug 90

[Address to the nation by Juan Carlos Hurtado Miller, president of the Council of Ministers and Minister of Economy and Finance in Lima on 8 August—live or recorded]

[Text] Dear fellow countrymen: I am addressing you to inform you of the exact measures with which the government intends to face the explosive inflation we inherited from the former administration. I am accompanied by my Cabinet colleagues with whom I will go to Congress in the next few days, in compliance with Article 224 of the Constitution, to explain and discuss the general program this government will implement as well as the main political and legal measures that our country—which is on the verge of collapse—needs for finding its way toward a more hopeful future.

In the report we will give to Congress each minister will give the specific and detailed diagnosis of the administrative, productive, and institutional chaos in which the administration was found. All of you are aware of this chaos, and you have suffered its brutal effects in the past few years. You do not need me to give you a detailed description of the miseries that affect our society as a consequence of such a catastrophic administration.

Tonight I would like to refer to only one indicator that dramatically demonstrates the seriousness of our social and political crisis: the infant mortality rate. Our infant mortality rate is greater than that of the majority of our sister countries, for example Ecuador. Peru shares the same challenges of a wild geography and the common

history of a mixed-blood country. Peruvians and Ecuadoreans are brothers by blood and culture. Our economies face the same problems. Despite so many similarities, the Peruvian infant mortality rate is 40 percent greater than that of Ecuador. Every year 20,000 children die in Peru. These children would be able to live and grow if they were born on the other side of the border. This is the extreme to which the disaster we inherited has brought us.

The main reason for this disaster is not, as some people may think, imperialism or trade exchange terms. The former government is greatly responsible for this for having administrated Peru with absurd policies, extreme inefficiency, and open and generalized corruption.

When the Peruvian people are asked what are the three current main problems, the answer is centered on hyperinflation, terrorist subversion, and unemployment. In our report to Congress we will present and debate our policies to combat subversion and unemployment. Today I will only refer to the measures we adopted to combat hyperinflation, the most serious and urgent problem, because if only this problem is solved, we will be able to solve the rest of the sorrows that harm our country and we will be able to head toward a better future.

During this century, in the 1920's, only the Russian people suffered such a long hyperinflation like the one that is now affecting Peru. Hyperinflation is not a curse or a natural disaster. The hyperinflation we are currently suffering was created by an administration which treated all of us as guinea pigs to test the farfetched theory that the state could increase its deficit indiscriminately by printing money without affecting prices, that made inefficient investments, and that tolerated corruption and foolishness by a group of privileged people who abused their power.

We have learned in the past few years by our own experience that inflation reduces everybody's income, weakens the institutions, encourages speculation, irrationality, and destroys savings and the future. Peruvian inflation will be smaller than the average inflation rate of Latin America within five months, before the end of the year, as a result of the firm and sustained implementation of the program we are now announcing; as long as we can count on the understanding and effort of the majority of the Peruvian people. Prices in December will be only slightly higher than those in November, and not like the present, when they multiply week by week. If we do not attain this objective in the mentioned term, I will present—as I repeatedly said—my resignation because I am not seeking to be in the limelight or to exercise bureaucratic power, but I just want to serve the country.

I am holding this position because of various factors, which include family tradition, my professional training, and the links established by chance, affection, and mutual respect. My father was a doctor and a teacher. He served the country mainly in research and as a university professor. I suffered as a child when President Bustamante y Rivero was overthrown—my father was his health minister—as a result of the political crisis created by an obstructive Congress and an ill-tempered opposition.

I joined Popular Action at the age of 17. Motivated by the current urgent situation—being aware that Peru cannot wait five more years to resolve its problems—and the conviction that the message of honesty, technology, and work of President Alberto Fujimori is necessary for our country to progress, I had to leave the party's active militancy to take over this position. From this it can be deduced that my responsibility in this government is exclusively personal.

Three basic conditions are necessary to stop the hyperinflation we are suffering. First, elimination of the fiscal deficit. Second, that relative prices— what a good is worth with regard to another—be such as to allow a sustained growth of production without subsidies or control. Third, that the expectations of the Peruvian people change, that we stop confronting each other in order to work and look together in the same direction for the future.

It is easy for anyone to understand why the state must create income through taxes to pay its expenditures. If not, the Central Bank would be forced to print money and this creates inflation which is the tax that causes the greatest punishment for the poor. Therefore, everyone agrees that the state should increase its tax collection and make rational use of its expenditures to eliminate the deficit.

However, it is not so easy to understand the dynamics of the price relationships and their interaction with inflation. I am going to refer to two examples. One is food—potatoes and noodles. What should be the relationship between the prices of these two products? In 1985 the value of one kg of noodles could buy almost five kg of potatoes. This relationship, noodles being almost five times more expensive than potatoes, was adequate because it stimulated the consumption of a cheaper product which is produced by Peruvian peasants while it takes away the incentive of buying a more expensive product such as noodles, which are made mainly with imported wheat.

The wrong policy of the previous government made the dollar price cheaper by artificially subsidizing noodles in relation to potatoes. As that government was creating inflation with the deficit, the prices of the two products increased but the price of noodles increased less than the price of potatoes, thus stimulating noodle consumption, which hurt national potato producers very badly.

The price policy of the previous government went as far as making the value of one kg of noodles less than one kg of potatoes. When our foreign currency reserves were depleted recently, and the possibility of artificially making the dollar price cheaper ended, then the price of noodles again increased in relation to potatoes, a relationship which can be sustained in time and which is more favorable for Peru.

Another example of great distortion is between the price of beer and the price of gasoline. Five years ago one gallon of 84 octane gasoline cost twice as much as a large bottle of beer. Now the large bottle of beer costs six times more than one gallon of gasoline. In other words, the previous government arbitrarily lowered the price of gasoline 15 times thus creating the virtual bankruptcy of Petroperu [state petroleum agency]. It also substantially reduced the country's oil reserves at a time when international oil prices are going up as a result of the war in the Persian Gulf. How is the government going to correct these relative prices?

First, the Central Reserve Bank will eliminate the Single Exchange Market, MUC, dollar, and will unify the exchange rate and will induce it to reach a value that can be sustained, thus encouraging exports.

Second, the prices of controlled products and public services will be modified to cover their costs. For instance, the price of 84-octane gasoline will be, as of tomorrow, 675,000 intis per liter; the urban fare price will be announced tonight by the municipalities. In the case of Lima, the government will grant a subsidy of 20,000 intis for each ticket.

Additionally, a compact committee has been established to supervise the prices of the main consumer products, thus preventing possible speculation. Evaporated milk that today can be sold on the streets for 120,000 intis will as of tomorrow cost 330,000 intis. A kg of white sugar, which could be bought for 150,000 intis, as of tomorrow will cost 300,000 intis. French bread, which this afternoon cost 9,000 intis, as of tomorrow will cost 25,000 intis. A kilogram of noodles that cost 200,000 intis as of tomorrow will cost 900,000 intis.

To fight the monopolistic and oligopolistic practices, all bans on, and previous licenses for, imports have been eliminated, and a maximum customs tariff of 50 percent has been established.

How will the government eliminate the fiscal deficit? As of this date, the government will not in any case spend more than it collects in revenues. To this effect, a Cash Committee will be established and it will be made up of the Finance Deputy Minister and the Manager General of the Bank of the Nation; this committee will meet every week to establish the priority for payments that the state can make with the revenues collected. To this effect, public expenditures will be duly classified so that this austerity measure can be equitably applied.

The increase in revenue collection will be achieved in the following manner:

First, exporters will pay a temporary tax of 10 percent on the FOB [fee on board] value in foreign currency turned in for exports.

Second, from the new gasoline price, nearly half, 330,000 intis per gallon, will be turned in to the Public Treasury.

Third, all customs tariff exemptions will be eliminated, except those exemptions made under international agreements. A minimum tariff of 10 percent has been established.

Fourth, the new rate of general sales tax will be 14 percent, and all exemptions will be eliminated.

Fifth, no service as of this date will be provided free of charge to anyone. The public service rates should be high enough to cover their cost and assure their good operation.

Sixth, the Certex (?export certificate) percentages have been reduced and made more reasonable.

Seventh, the FENT [non-traditional export promotion] has been eliminated and, at the same time, a fund for guarantee and financing for small exporters will be created through the Secrex (?export secretariat) and the Export Insurance.

The Central Reserve Bank, once its directorate is installed, will make sure that the interest rate rewards the savers and contributes to a reasonable prioritization of projects being financed.

Finally, the most privileged sectors have been charged a solidarity contribution tax that will amount to an extraordinary amount of the personal and business tax.

How will the buying power of salaries be protected? Public and private sector workers will receive a special bonus as an extraordinary compensation equivalent to 100 percent of their salary in July, not including the premium pay for the National Festivity; the minimum bonus will be 8 million intis. Civil servants will be paid this bonus on Friday [10 August] of this week; private sector workers will be paid no later than 11 August.

The measures for salary increases in August will be announced later, after the effect of this adjustment on the purchasing power of the workers can be evaluated. We firmly reiterate that we will not allow the workers with lower incomes to lose their purchasing power despite the serious crisis.

How will we meet the urgent needs of unemployed people? During the rest of this year the government will contribute $450 million and will request the private sector and international organizations to contribute $150 million, to the social compensation program, whose emergency stage went into effect some days ago. This program will help to guarantee the elemental needs such as food, health, and employment for 7 million Peruvians who have an income of less than 30 dollars per month. The program will be especially designed to care for children less than six years old, pregnant mothers, mothers breast feeding their children, sick people, such as those affected by tuberculosis, the aged, and abandoned handicapped people.

This program, as I have already mentioned on previous occasions, will be designed to provide food to schoolchildren, soup kitchens, health care in hospitals, supply of

basic medicines, and temporary use of the direct subsidy for water and transport in the poorest sectors.

The government has not created a bureaucratic organization to implement this program. On the contrary, it will take advantage of and promote all the existing programs such as the milk committees, neighborhood assistance groups, and the rank-and-file organizations. As soon as the emergency stage is over, this program will be maintained with a contribution from the central government, which will be equivalent to three percent of the GDP. The regional governments will earmark revenues for projects such as the recovery of agriculture in the Andean rural sectors to prevent immigration and to promote peace in the departments threatened by terrorism. We will also promote programs for the health sector. We will create jobs and improve incomes through the implementation of small projects. This program will be conducted by an autonomous organization with the participation of the government, voluntary agencies, cooperating organizations, and organizations representing those who were granted the benefits.

What measures will be adopted to prevent corruption from going unpunished.?

1. All administrative actions, appointments, promotions and others that were made as of 1 April 1990 have been suspended.

2. It has been established that the new executive board of each state-owned enterprise within a strict time limit must order an external audit to determine how the company's resources have been used in the past 12 months.

3. Special concessions for public employees have been eliminated. As of this date, they will have to pay real prices for goods and services consumed.

4. A commission has been created to investigate within 60 days the cases of fraudulent dealings with MUC [Single Exchange Market] dollars. The commission will recommend a law designed to punish cases of corruption, administratively or economically.

Very few times in Peru, or anywhere else, has a greater sacrifice been required from everyone like the one required now. We have experienced such a disaster that five years ago that the note I am holding could have bought a house now worth $40,000, but now this bill can only buy a tube of toothpaste. Overcoming this inherited disaster forced us to increase the price of gasoline thirty times to secure resources for rebuilding Petroperu and to eliminate a fiscal deficit, and still tend to the poor and defend real salaries. This is needed today for the urgent need to overcome this crisis and the chaos in which we are living.

During the transition from demagoguery to truth, from deceitful subsidies to reality, from risky speculation to productive investment, from irrational consumption to wise savings, we will experience a short period of only a few months during which we will feel worse before we start feeling better. This is the price we must pay for all that has happened during the past few years. It is the detoxification and purification period. Any physician could explain to us that our health, in truth, will start to improve although we may feel worse at the beginning. The problem is that during these past few years the subsidies and measures of control, in addition to the problems of the inefficient productive apparatus and the corruption that did so much harm to Peru, were exploited to try to make us believe that we were not so bad off.

During the next few months, despite the pain we will all suffer, the economy will escape hyperinflation, will adjust for the best, as is the case of a sick person.

I believe in the need for consensus as much as I believe in the need for austerity and leadership. For the long term task of fighting terrorism and generating job opportunities, for example, the government has summoned a national accord to reach agreements that will be the foundation for the pacification and economic recovery of Peru.

However, in the effort to curb hyperinflation, the government has to exercise its leadership, even if this may erode its popularity. The government will act with the same determination and courage used to implement such harsh measures during the next few months to avoid taking a step backwards in maintaining public order or in achieving the basic objectives for an equitable adjustment. We are all responsible for this program. The government is going to remain firm and will not yield to the pressure exerted by those who intend to distract it due to private interests.

During the next few months we are going to experience a strange mixture of pain and hope. I want to urge those who believe the price adjustments are excessive to reflect and act with moderation. They should recall that during the previous administration, prices multiplied by 20,000-fold. Relative prices, such as the minimum salary today, after the implementation of our measures, are similar to those in 1985. There is no reason, once the residue of the recent and regrettable past has been eliminated, that we should not feel the same as we felt in 1985 and later on much better then we felt in 1985.

The price of potatoes will be lower than that of noodles, fuel will be more expensive than beer, to save in intis will be more convenient than in dollars, to export will be more convenient than to import, to produce more convenient than to speculate. This is how it should be, this is how it is in all those countries where there is progress and development. We will thus be able to curb hyperinflation, rebuild national savings, encourage productive investments, technology, create more and better job opportunities, and, especially, do away with the great poverty that affects the great majority of our brothers.

In circumstances similar to today, 45 years ago Peruvian society harbored a hope that was frustrated three years later due to intolerance and an irrational confrontation.

Jorge Basadre [Peruvian author born in 1903] portrayed this situation in a book entitled "The Promising Peruvian Life" in which he made a warning against those who intend to turn our country into a cesspool [charca], a wide barren plain, or a bonfire. Basadre said that the cesspool represents the moral corruption of administering institutions and the social coexistence behavior patterns. The rotten ones are those who have prostituted and continue to prostitute words, concepts, facts, and institutions at the service of their assets, profits, and their passions.

The wide barren plain is populated by those who have depleted and undermined the chances of the nation, by those who have locked themselves in their own ghettos. These people only relate to those they regard as their peers, or their subordinates. Nobody else exists for them, and they are only concerned with what affects them. For example, they do not think of the 50 children that Peru could save daily.

The bonfire that burns and destroys without bringing any light has already been lit by terrorist groups. They only create more poverty and suffering with their policy of destruction and death, spilling poison on a society hit by structural violence. Incendiary people only express themselves through these terrible weapons of terror and evil. In 1945 Basadre said: The key to the future is there. Peru must escape from the danger of turning into a quagmire, into a wide barren plain, or into a bonfire. Peru must not become lost as a result of the lack of action of the Peruvian people. We still have time—although short—to avoid this danger.

In the past few years we lost too much time on false ideas. The right absurdly proposed to wait for the accumulation of wealth in the top of the social pyramid so that prosperity would eventually come down to the base in a process that never took place. The left instead, believed that prosperity could be generated by government decrees and centralized decision, often permitting disloyal competition and confrontations, without worrying about the social reality of the market and the cultural reality of the people.

The hope of our government and people does not reside in its plutocratic groups or in its bureaucratic state. Hope mainly resides in the perhaps modest but permanent effort of the majority of the Peruvian people. Peru has a future, based on the full interaction of its civilian society. We Peruvians have old traditions, imagination, creativity, intellectual and organizational reserves to set our own path. Setting our own path must not only be done by the state, as incorrectly believed in the past, it must be done through the evolution of civilian society, of its institutions and groups of workers, businessmen, street vendors, and mothers who make daily sacrifices to ensure food for their children, and of peasants, who remain awake all night to defend their land and cattle. The people must feel free, respected, and safe to carry out initiatives from the base upward. We must be sure that social justice accompanies each step of our economic development. We must ensure the exercise of democracy through supervision, checks and balances, and debates within Congress, the political parties, and the media. This is the only way by which we will be able to better understand who we really are and we will be able to recover our memory, to rewrite our history, to rescue our traditions, to acknowledge our mistakes, and to proudly project our presence in the world. May God help us.

Uruguay

Government To Comply With UN Sanctions on Iraq

PY0808135090 Montevideo Radio Carve in Spanish 0930 GMT 8 Aug 90

[Excerpts] After visiting the General Directorate of Taxation building, Uruguayan President Luis Alberto Lacalle stated that tax reform is necessary, and we will have to see what taxes need to be changed. [passage omitted]

When asked about the Uruguayan stand on economic sanctions and a blockade on Iraq, President Lacalle stated:

[Begin recording] [Lacalle] We must comply with the sanctions. It is unfortunate for the world, which is facing so many problems, that this tremendous problem has suddenly emerged and affected the entire world and our country at a time when zones of conflict have been quieting down. It affects our country twice as much because it affects us through the increase of petroleum prices, and because we were about to sign very good export contracts with Iraq; this situation now prevents us from consolidating the deal. [passage omitted]

[Unidentified reporter] How will the U.S. President's decision to not visit Uruguay affect the U.S. free trade plans?

[Lacalle] It will not affect his initiative at all because if he postpones a visit because he says he is very busy, well, no one can doubt that he is very busy since he has many important things to deal with. [passage omitted] [end recording]

Belgium Closes Embassy in Montevideo

PY0808202490 Montevideo BUSQUEDA in Spanish 2-8 Aug 90 p 12

[Text] Belgian Ambassador Roger Tiberghein has confirmed to BUSQUEDA that his country has decided to close its embassy in Uruguay "for reasons of austerity."

Tiberghein ruled out the possibility that his government made this decision for political reasons. He said that this type of measure was adopted due to the "lack of diplomats" in his country.

He said that a commercial attache will be in charge of the Belgian diplomatic mission.

Venezuela

Perez To Consult OPEC on Oil Production

PA0908023690 Madrid EFE in Spanish 0055 GMT 9 Aug 90

[Text] Caracas, 8 Aug (EFE)—Venezuelan President Carlos Andres Perez stated today that his country will not adopt any measure involving oil production volumes or prices without first consulting OPEC.

President Perez today sent a message of solidarity to the chiefs of state of 10 of 12 OPEC countries. In that message he ratified his complete support for the agreements reached by that organization in Geneva (Switzerland) on 27 July.

The note was sent to Saudi Arabia, Algeria, Ecuador, United Arab Emirates, Gabon, Indonesia, Iran, Nigeria, Libya, and Qatar, but not to Iraq or Kuwait, all of which, together with Venezuela, are members of OPEC.

The note states: I want to ratify my country's complete backing for the agreements reached during the meeting held recently in Geneva and I ratify also that my government will not adopt any unilateral decision and will not fail to make consultations on matters related to oil production or oil export prices.

In his note, Perez informs his OPEC colleagues that he has asked his energy and mines minister, Celestino Armas, to be in constant direct contact with other petroleum ministers so that decisions will be reached by common agreement.

I am sure, the note adds, that the lessons of the past will help us avoid costly errors that negatively affect both the oil importing and the oil exporting countries.

President Perez said recently that it should not be forgotten that at the beginning of the past decade, as a result of the war between Iraq and Iran, oil prices skyrocketed only to plummet to levels so low that it took years—even up to now—to recover.

Perez stated that he is optimistic about the future of the oil market because throughout the years, OPEC has demonstrated that it is capable of overcoming crisis situations because it has been able to differentiate between political problems that may temporarily separate some of its members, and economic matters, which affect everybody.

Perez Says Nation Ready To Supply Oil to U.S.

PA0808164590 Bogota Radio Cadena Nacional in Spanish 1223 GMT 8 Aug 90

[Text] The United States imports 500,000 barrels of oil daily from the Persian Gulf. The danger exists that that oil supply could be interrupted as a result of the conflict with Iraq.

Yesterday in Bogota, Venezuelan President Carlos Andres Perez assured U.S. Vice President Dan Quayle that if such an interruption exists in the oil supply, Venezuela stands ready to supply the 500,000 barrels of oil daily.

In fact, it was even mentioned that Mexico could also supply oil—although not the same amount as Venezuela, because Mexico's oil production is less—in case the oil supplied from the Mideast begins to diminish, as is already evident.

Perez Visits Haiti, Comments on Bush Proposal

PA0808222990 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 8 Aug 90

[Text] President Carlos Andres Perez is visiting Haiti now to provide support for the efforts that Provisional President Ertha Pascal Troillot is undertaking to reactivate her country's democratization process. This trip is considered a positive action because it is an opportunity to discuss organizing elections in Haiti and also the Venezuelan president's official proposal to include Haiti in the San Jose petroleum pact.

Before leaving for Haiti, President Perez had breakfast with the new Colombian President Cesar Gaviria at Narino Palace in Bogota.

The contacts and meetings held during this visit to Colombia were positive and productive. President Perez, Colombian President Cesar Gaviria, Rodrigo Borja of Ecuador, Peruvian Foreign Minister Luis Marchand, Ecuadoran Foreign Minister Diego Cordovez, Bolivian Foreign Minister Carlos Iturralde, Colombian Foreign Minister Luis Fernando Jaramillo, and Venezuelan Foreign Minister Reinaldo Figueredo held a meeting in which they accepted U.S. President George Bush's proposal to create a free trade zone on the continent, possibly paving the way for more just relations between the United States and Latin American countries. In this regard, they signed a so-called Andean Agreement which will strengthen the ties of cooperation and integration among Latin American countries.

[Begin Perez recording] As we have already said individually, we received the plan for the Americas with great objectivity. We accept it as an important proposal. For the first time, the United States has proposed to Latin America a constructive dialogue from the position of equals and without proposing rigid formulas that we must either accept or reject. Instead, by establishing a general framework, it opens possibilities for a fruitful discussion to begin, creating an open and fair market among our countries until a free market has been established among all of our countries. [end recording]

Advocates Oil for Haiti

PA0908040690 Mexico City NOTIMEX in Spanish 0012 GMT 7 Aug 90

[Text] Caracas, 6 Aug (NOTIMEX)—Mexico and Venezuela are studying the possibility of supplying Haiti with petroleum in the near future under the San Jose Agreeement.

The president of Venezuela, Carlos Andres Perez, and of Haiti, Ertha Pascal Trouillot, have announced that a commission will be installed tomorrow to study the reincorporation of Haiti into the petroleum agreement.

Perez said that it was "outright shameful" that Venezuela and Mexico are not suppling Haiti with petroleum.

Perez explained that Haiti had been excluded from the agreement because Jean Claude Duvalier's government had negotiated the crude supplied by the San Jose Agreement with third parties.

The president of Haiti had a meeting with President Perez during a stopover at the Maiquetia International Airport enroute to Bogota, where the two leaders will attend the inauguration of the new Colombian government.

Pascal Trouillot said that former President Leslie Manigat can return to Haiti whenever he wishes as long as he returns as a citizen. He cannot return as a president "because there already is one."

The Haitian leader denied that she had requested the presence of the Blue Helmets as observers in the upcoming elections in November.

Pascal Trouillot explained she had requested observers from [words indistinct] the political groups can participate in these free elections "although the existing circumstances are difficult."

Commentary on Economic Lessons of Iraqi Invasion

PA0908040490 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 9 Aug 90

["International Analysis" commentary by Julio Cesar Pineda]

[Excerpt] [Passage omitted] President Bush met on 8 August with the press and pointed out conditions required by the United States that are unacceptable to Iraq: It will not withdraw its troops from Kuwait, it will not recognize the independent Kuwaiti Government. Iraq is holding a group of hostages that it might try to use to blackmail the United States.

These ideas were reaffirmed on 8 August by the spokesman for the Iraqi president. In Israel, Shamir himself was very clear when he said that any movement into Saudi Arabia or toward Jordan would be countered. In Egypt, Mubarak said on 8 August during a news conference that he will call a news conference within the next 24 hours.

In the Middle East, all states are preparing to form an international force. The leadership of Husayn is currently jeopardized in a war where not only Iraq, but the entire international community, would lose.

For Venezuela, there are a few important lessons: In the first place, there is, in fact, an increase in our oil prices and therefore, an increase in our revenues. However, this should not change the framework of our economic plans. It should open us up to new markets and make us more disciplined with our public expenses.

In the second place, it should strengthen our position—as the president said on 7 August—with the other OPEC members. In the last place, we should be attentive to the events because petroleum is essential and, in our case, it is basic for our economic development and a strategic weapon in the world in which we live.

Suriname

Four Jungle Commando Members Surrender

FL0808193390 Paramaribo International Service in English 1730 GMT 8 Aug 90

[Text] Four members of the Jungle Commando have yesterday surrendered to troops of the National Army in Southeast Suriname. This was stated yesterday to our newsroom by the cabinet of the Military Authority.

The four rebels yesterday handed over their weapons and ammunition at the post of the National Army at (Tilikay) in Southeast Suriname. The (Tilikay) village was some weeks ago liberated by the National Army during mopping-up operations which have been going on for six weeks now. Military Authority member Ivan Graanoogst said yesterday that the mopping-up operations are successful.